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ELECTION METHODS AND REFORMS IN PHILADELPHIA.

Introductory.

The Act of July 2, 1839,[1] was the last comprehensive law dealing with the subject of elections to be passed by the Pennsylvania legislature. While in 1874, and again in 1893, election laws were passed, the former making changes incidental to the adoption of the new constitution, and the latter introducing a new form of ballot, neither made any claim to dealing comprehensively with the subject. All legislation since 1839 has been either supplementary to or amendatory of one of these three acts. Of such amendments there have been a great number, scarcely a session of the legislature having passed without the enactment of one or more, and in some instances of as many as a dozen. Consequently there are many conflicting provisions on the statute books, which neither the election officers nor the state and city officials entrusted with the conduct of elections, nor even the

[1] P. L. 519.

judges of the court themselves, are able to harmonize. Take so simple a matter as that of changing a polling place. The Act of 1855 provides:

"It shall be the duty of the select and common councils of the said city (*i. e.*, Philadelphia) to designate the place of holding elections in the several election divisions of the wards in said city and to notify the sheriff thereof at least thirty days prior to the first Tuesday after the first Monday in November and they shall have full power and authority to remove or change the place of holding the elections in any of the said election divisions whenever by reason of inability to hold said election at the place so designated a change shall be necessary."[1]

The Act of 1856 provides that:

"The place for holding the elections in the City of Philadelphia may be changed in accordance with the provisions of the fifty-sixth section of the Act of 1839, which provides that, 'It shall be lawful for the electors of any township, ward or district to change the place for holding the elections for inspectors and other officers of such township, ward or district in the manner following, to wit:' "[2] [Then follows a description of the methods to be pursued.]

The Act of 1893 provides that it shall be the duty of the several courts of quarter sessions of the several counties of the commonwealth to designate the polling places in the several districts, in the manner described in the act.[3] Besides these three, there are ten other provisions quoted in "Smull's Legislative Handbook" relating to the same subject.[4]

On the other hand, many important matters are left untouched, either because the draftsman of the original act did not see fit, on account of the conditions then existing, to provide for them, or because of subsequent unintentional repeal. For instance, there is no law directly bearing on the question whether the removal from a division of an assessor of voters works a forfeiture of office; nor one

[1] Act of 1855, Section 2, P. L. 264.
[2] Act of 1856, Section 31, P. L. 573.
[3] Section 2, P. L. 107.
[4] Edition of 1899, pages 418 to 420.

providing for appointment in case of vacancies. In a test case brought by the Municipal League of Philadelphia, the Court of Common Pleas No. 1 held that a removal did work a forfeiture and that the power of appointment in such cases rested in the court of common pleas.[1] No opinion accompanied this decision of the court, so we cannot ascertain upon what grounds the decision was determined. Prior to this case, however, the county commissioners had assumed and exercised the power of appointment.

There are many other incongruities in the laws due partly to the method pursued in their enactment. For instance, residence in an election division is not a qualification of election officers (the judge and inspectors of election), yet the Act of 1897[2] provides that,

"In all election districts where a vacancy exists by reason of a disqualification of the officer, or by removal, resignation, death or other cause in an election board heretofore elected or appointed, or who may hereafter be elected or appointed, the judge or judges of the court of common pleas in the proper county, upon proof furnished that such vacancy or vacancies exist, shall at any time before any general municipal or special election appoint," etc.

That is to say, while a non-resident may be elected a judge or inspector of election, the resident who removes from his division after his election cannot serve as a judge or inspector.

It is not my present intention, however, to analyze the existing laws, but rather to describe the conditions which have grown up under them.

So far back as 1856 the inadequacy of the state's election laws was clearly recognized. Justice Reed in the case of Page *v.* Allen said:[3]

"I was counsel for Mr. Kneass in 1851 and for Mr. Mann in 1856 and from what I saw in those contested election cases I was fully convinced that the election laws were totally inefficient in preventing

[1] 23 County Court Reports, 654.
[2] Section 1, P. L. 38.
[3] 59 Penna. State Reports, page 365.

frauds, and subsequent exposures have confirmed me in my opinion. In some districts of the city's plague spots fraudulent voting is the rule and honest voting the exception."

If our laws were inadequate then, how much more so are they now! There has been no codification since 1839. We have only a patchwork hastily put together from time to time without due regard to actual conditions. The Act of 1839 was passed when Pennsylvania was sparsely settled, but when her population of 1,724,033 was substantially permanent. The population of Pennsylvania is now dense, and in many places, especially in the cities, shifting. No man in the city knows more than a very few of his neighbors, unless he be a politician. The basic principle of machine politics is an accurate knowledge of every man in the district, his shortcomings and his strength, his predilections and his general attitude. A law which might have been adequate for a state population of 1,724,033 and a Philadelphia city population of 258,037 (I quote from the census figures of 1840) can scarcely in the nature of things prove satisfactory for a state numbering 6,302,115 and a city numbering 1,293,697.

Registration.

In some respects the law relating to the registration of voters is the most important law with which we have to deal in describing the election methods prevailing in Philadelphia. Under the Act of 1891[1] it is made the duty of an assessor to visit in person each and every dwelling house in his district on the first Monday in May and on the first Monday in December of each year, or as soon thereafter as may be possible and practicable, and to make a list in a book prepared for that purpose by the county commissioners, of all the qualified electors he may find upon careful and diligent inquiry, to be *bona fide* residents of his district, together with the date of his visit. There is one assessor to each

[1] P. L. 134.

election district in the City of Philadelphia. As there are 1,014 election districts or precincts, there are 1,014 assessors. The assessor is almost invariably chosen by the party primaries. He is usually a man unknown to the voters at large and for reasons which will become apparent later on, is chosen because of his willingness to act as the tool of the leader or boss by whom he is selected. Not infrequently assessors have been chosen who could not write and in many wards the assessors do little more than take the previous assessors' lists and add such names as they are directed to add by the politicians. Under the law they are only required to take the names given them by whosoever answers the door. In many localities they gather their information chiefly from the servants; in others by those interested in having fraudulent names inserted on the list. In districts made up largely of lodging houses, furnished-room houses, houses of ill-fame and tenements, the names are usually supplied by the proprietors. In many instances forty, fifty and sixty voters are registered from such places and the burden of correction is placed on the public. I recall one house in the Thirteenth Ward where, during a recent canvass, fifteen names were furnished to the assessor by the proprietor, although an examination of the premises disclosed that there were accommodations for but six people and that on the day of assessment the proprietor advertised rooms to let! As the assessment is intended to disclose the *bona fide* voters of a division or district and as residence is one of the qualifications of a voter, the fraud in this case becomes at once apparent.

An actual canvass of the eighteenth division of the Thirteenth Ward prior to the election of November 6, 1900, disclosed that there were thirty-five names assessed from the house 307 North Ninth street, though traces could be found of but nine residents. From the house 309 North Ninth street twenty-three names were registered, of whom traces of four only could be found. From the four houses, 307, 309, 311

and 313 North Ninth street, there were eighty-two voters assessed, of whom only twenty-one could be found.

As illustrating the looseness of the system of registration prevailing in Philadelphia the following instance is given: Canvassers as they went through a district, and called at the various houses, asked if certain well-known politicians lived there. As those who attended the door had been previously instructed to answer "Yes" to every inquiry as to voters in the house, it was found that the Director of Public Safety, Abraham L. English, was, according to the testimony of those of whom the inquiry was made, the resident of six or eight houses in the same division; as was General Frank Reeder, the chairman of the Republican State Committee, and other prominent politicians.

The following experience, gathered in a previous campaign, is illustrative to the same end: With sealed envelopes addressed to the names upon the assessors' lists, canvassers went to suspected houses and inquired for the assessed voters. They found that the people of whom they made inquiries had been posted to answer that the supposed voters lived there. The residents of the houses where fraudulent names were registered were easily trapped by such a series of questions as this: "Does George D. Baker live here?" "Yes." "Does I. W. Durham live here?" "Yes." "Does Charles F. Warwick live here?" "Yes." "Does John Hogan live here?" "Yes." "Why, you are deliberately falsifying," was Hogan's reply. "I am John Hogan; George D. Baker lives in the east end of the ward; George S. Graham is the district attorney and lives in the Twenty-ninth ward; Mr. Durham lives in the Seventh Ward and Charles F. Warwick is the mayor," etc. This announcement was sufficient to end the interview and to reveal the fraud that had been practiced. Hogan met just such experiences as this in three-fourths of the places visited.[1]

Some two or three years ago an examination of the

[1] The *Arena*, October, 1900.

assessors' lists in one of the divisions of the Fifth Ward disclosed that the house 521 Lisbon street, which was at the corner of Hurst street, and was also known as 511 Hurst street, had thirty-two names registered from it; sixteen names from 521 Lisbon street and sixteen names from 511 Hurst street, although the house only consisted of three small rooms, about 12 x 12, one on top of another.

A canvasser in the Eighth Ward called my attention not long since to the fact that the ingenuity of the assessors in inventing fraudulent names had evidently been exhausted, as the list contained quite a number of names given in one order and the same names given in a reverse order. The intelligence of this assessor was not quite up to that of another Eighth Ward assessor, who two or three years ago, under stress for names, assessed a pug dog under the name of "William Rifle." A canvass of forty-one houses in the Tenth and Thirteenth Wards prior to the election of November 6, 1900, disclosed that of 316 names on the list but 128 were genuine. Testimony of the same kind might be indefinitely adduced from such wards as the Third, Fourth, Fifth, Sixth, Seventh, Eighth, Tenth, Eleventh, Thirteenth, Fourteenth and Sixteenth, which are known in local political circles as "police wards."

If the returns of the assessors in Philadelphia are correct the time-honored ratio of one voter to every five of population will have to be abandoned, that is, if the recent census taken in Philadelphia is to be relied upon, as I presume it is. An examination of the census returns for the forty-one wards of Philadelphia discloses that the city's total population is 1,293,697. The May assessment, taken at or about the same time that the census figures were gathered, shows 320,422 names on the assessors' list or one vote to every 4.037 of population. In many wards the ratio fell as low as 1 to 2.75 and only in three of the forty-one did it exceed one to five. If the returns of the assessors are correct and if the

ratio of one to five holds good, the population of Philadelphia should be 1,670,445.

These facts in regard to registration suggest an inquiry as to the purpose of this wholesale padding of assessors' lists. In the first place, it furnishes the machine with an opportunity for repeating, the padded names being voted on by the repeaters. Not long since one man was convicted of repeating and admitted that he had voted thirty-eight times at the November election of 1898, and another admitted that he had voted thirty-three times on the same occasion. Secondly, it increases the councilmanic representation, the law providing that each ward shall have one common councilman for every 2,000 assessed voters. Thirdly, it furnishes names for fraudulent assessors and election officers. It was disclosed in the now notorious case of Commonwealth *v.* Salter *et al.*, that certain fraudulent names were put on the ballot and voted for and elected at one election. At the succeeding election the places of these names were taken by imported scoundrels who stuffed the ballot box to the extent of two hundred votes.

The following statement, taken from an editorial of one of the leading papers in Philadelphia, shows the value of this fraudulent padding of the list. These are the facts brought out in court in the case of Commonwealth *v.* Hogan *et al.*:

"That the assessor of the division kept a house of prostitution.

"That he had padded his list with fraudulent names registered from his house.

"That two of the names used as election officers were assessed from his house.

"That he was already under a criminal charge for like frauds as assessor.

"That a burglar only a month out of prison acted as an election officer under the name of one of the regular officers.

"That this burglar had formerly lived in the assessor's house and had been registered therefrom.

"That the constable of the division likewise kept a disreputable

house and had the assessor's list padded with fraudulent names as living in his house.

"That two others of the pretended election officers were assessed from that infamous place.

"That the constable's son fraudulently acted as an election officer under the name of some one else.

"That a policeman was likewise assessed as living in this abominable resort.

"That the major part of the more than 200 names on the assessors' list were registered from brothels, badger houses, gaming houses, and other places of revolting wickedness.

"That the election was held in the house of prostitution maintained by the assessor.

"That the man named as judge had also a criminal charge for a like offense pending against him.

"That 252 votes were returned in a division that had less than 100 legal votes within its boundaries."[1]

In the fourth place, the padding aids jury fixing. The jury lists of Philadelphia are made up from the assessors' lists and it not infrequently happens that the fraudulent names go into the jury wheel and it is not difficult for the jury fixers to find pliable tools to take the places of the men named.

In 1894 the Philadelphia *Times* estimated that there were 50,000 fraudulent names on the assessors' lists in Philadelphia. In 1899, in its annual report, the Municipal League of Philadelphia estimated that the fraudulent assessments ranged from 30,000 to 50,000. *The Press*, a leading Republican journal, the editor of which is Postmaster-General of the United States, estimated that there were at least eighty thousand names on the list.

Even less comprehensible to the uninitiated than the purpose of these padded lists is the reason why steps are not taken to do away with the evil. In 1894 this was attempted. Out of 5,177 names assessed in the Fifth Ward Judge Hare struck off 1,150. Out of a total of 8,133 examined in other wards 1,071 were stricken off. But this availed little because of

[1] *The Record.*

the constitutional provision that "no elector shall be deprived of the privilege of voting by reason of his name not being registered,"[1] and because of the provisions of the act of 1874, carrying out the objects and purposes of the constitutional provision.[2] Of course, it is within the range of possibility to prevent the swearing in of those not entitled to vote; but the obstacles are staggering, as will be shown later. Even the formality of swearing in votes has in many instances been abandoned. Furthermore, a man who will cast an illegal vote will perjure himself, and a man who will aid a perjurer and repeater will not hesitate to commit perjury. So after the names are stricken from the list as the result of canvassing, it is entirely possible for every name to be voted on if pliable tools can be found, and these are not far to seek where election fraud obtains.

Even the easy provisions of the act of 1874 are disregarded, section 10 of which provides that:—

"Any person whose name shall not appear on the registry of voters and who claims the right to vote at said election shall produce at least one qualified voter of the district as a witness to the residence of the claimant in the district in which he claims to be a voter, for a period of at least two months immediately preceding said election, which witness shall be sworn or affirmed and subscribe a written, or partly written and partly printed, affidavit to the facts stated by him, which affidavit shall define clearly where the residence is of the person so claiming to be a voter; and the person so claiming the right to vote shall also take and subscribe to a written, or partly written and partly printed, affidavit stating, to the best of his knowledge and belief, when and where he was born, that he has been a citizen of the United States for one month and of the Commonwealth of Pennsylvania, that he has been a resident of the commonwealth one year, or, if formerly a qualified elector or a native-born citizen thereof and has removed therefrom and returned, that he has resided therein six months next preceding said election, that he has resided in the district in which he claims to be a voter for a period of at least two months immediately preceding said election, that he did not move into the district for the purpose of voting therein."[3]

[1] Article VIII, Section 7, of the Constitution of 1874.
[2] Section 10 of the Act of 1874, P. L. 75.
[3] P. L. 35.

A careful examination of the records discloses that in a large number of instances the votes of non-assessed men are accepted by the election officers without requiring them to go through the formality of producing a voucher or swearing to the necessary affidavits, and a number of cases are now pending in the court, the gravamen of which is that the election officers have failed to require the proof required by law. The general disregard of the provisions of the act of 1874 has been largely due to the failure of the election officers to prepare and file lists of voters. Since the decision of Judge Beitler, in the autumn of 1900, to the effect that it is still incumbent upon election officers to file lists of voters in the office of the prothonotary for public examination it has been possible to ascertain to what extent election officers have been derelict in this particular regard.

Personal Registration.

The inadequacy of the laws relating to the registration and assessment of voters has led to an agitation for the introduction of personal registration. Pennsylvania is one of the few states in the Union that does not require a personal registration of voters in the cities, but depends upon the method prescribed in the act of 1891, *supra*, to provide election officers with a list of those presumed to be qualified to vote. An adequate personal registration law, however, cannot be enacted so long as there remains in the constitution the provision that "no elector shall be deprived of the privilege of voting by reason of his name not being registered." In 1897 a proposed amendment to the constitution providing for the elimination of this provision was introduced, but defeated. It was again introduced at the session of 1899 and passed both houses. Notwithstanding the substantial majority which was recorded for the amendment the Governor assumed the right to veto it; whereupon the Municipal League of Philadelphia, which had been

responsible for its preparation and introduction, at once instituted a mandamus suit in the Dauphin County court to test the right of the Governor to take this action. The lower court decided in favor of the Governor, but the Supreme Court of the state overruled the lower court and declared that the Governor had no right to interfere in any way with the submission of a proposed amendment to the constitution.[1] Under the eighteenth section of the constitution which relates to amendments it will be necessary for the proposed amendment to be passed by the present legislature, and then to be submitted to the people for adoption. The proposed amendment is permissive and not mandatory in form. It opens the way for an adequate personal registration law, and further does away with that constitutional provision which requires that all laws relating to the registration of electors shall be uniform throughout the state.[2]

It has all along been maintained by the country members and with much force, that they did not wish to subject the country districts to an elaborate personal registration scheme. Under the present constitution, the registration laws must be of uniform application throughout the state. Therefore, either the city must suffer from inadequate laws or the country districts must be burdened with a scheme of registration not required by the conditions existing there. Should the proposed amendment be adopted at the present session of the Pennsylvania legislature and approved by the people next fall, it will be possible for the legislature of 1903 to pass bills providing for the introduction of personal registration in the cities of this state, such as now exist in the state of New York.

Poll Taxes.

The Constitution of Pennsylvania prescribes the qualifications of electors to be as follows: First. He shall have been a citizen of the United States at least one month. Second.

[1] Commonwealth *v.* Griest, 196 Penna. State Reports, 396.
[2] Article 7, Section 8.

He shall have resided in the state one year (or if having previously been a qualified elector or a native-born citizen of the state, he shall have removed therefrom and returned then six months) immediately preceding the election. Third. He shall have resided in the election district where he shall offer to vote at least two months immediately preceding the election. Fourth. If twenty-two years of age or upward he shall have paid within two years a state or county tax, which shall have been assessed at least two months and paid at least one month before election. [1]

The provision requiring the payment of a state or county tax has been utilized by the political machines to introduce an elaborate system of petty bribery. Those who have not paid a tax on real estate or a state tax, such as is contemplated by the constitution, can qualify themselves to vote by paying a poll tax of twenty-five cents a year. Poll tax receipts good for two years are issued in great numbers, and for a long time grave scandals have been connected with their use. An attempt was made in 1889 to abolish the tax qualification in the constitution, but the amendment failed of popular approval largely because of machine opposition. The Act of 1897 was the second attempt made to deal with the evils incident to the payment of the poll tax. This act provides that "it shall be unlawful for any person or persons to pay or cause to be paid any occupation or poll tax assessed against any elector, except on the written and signed order of such elector authorizing such payment to be made, which written and signed order must be presented at least thirty days prior to holding the election at which said elector desires to vote." And further, that "It shall be unlawful for any officer, clerk or any other person authorized to collect taxes and receipt therefor, to receive payment of or receipt for any occupation or poll tax assessed for state or county purposes from any person other than the elector against whom such tax shall have been assessed, except

[1] Section 1, Article VIII, of the Constitution, 1874.

upon his written and signed order authorizing such payment to be made."[1]

This law has been of very little use and is now quite generally ignored. It is true there has been some attempt to comply with its terms; but without any substantial result. A case is now being prosecuted in Philadelphia wherein the deputy collector issued receipts in wholesale, to division workers as needed, under the direction of the ward leader. A similar case in another ward is under investigation.

During the campaign prior to the election in November 6, 1900, it was discovered in one division of the Thirteenth Ward, the seventeenth, that the receipts were issued in precisely the same order as the names appeared on the assessors' lists. I have since discovered that all the tax receipts in the twenty-first division of the Twenty-second Ward were issued in the same way. The voters in these two divisions must have applied to the tax receiver or his ward deputies in precisely the order in which they were assessed, or else their receipts were purchased for them by the politicians. The former is quite improbable.

As a matter of fact, the usual practice is for the division committeemen to make out a list of those assessed voters who have failed to buy receipts and then secure the needed ones from the ward deputy, who is usually a political appointee. The money for these purchases is supplied by the ward committee. Then blank tax receipts are often issued in bulk, the name of the assessed voters being filled in on the stub, but the receipt left blank. It not infrequently happens that a receipt turns up made out in a name for a division and ward which do not correspond with the name and ward and division entered on the stub. While it has not been positively determined, it is quite possible that in cases like those cited, where large numbers of receipts are issued in regular rotation, the stubs only contain the names in such order, and that the receipts are left blank to

[1] Act of 1897, sections 1, 2, P. L. 276.

be filled in on the day of election with such names as may be required.

Forged receipts are also issued in large numbers. A year ago the chairman of the Prohibition Committee received a large batch of them through the mail, and I have now in my own possession a number of receipts of which no trace whatever can be found in the tax receiver's office. Of course it is impossible even to approximate the number of such receipts, for there are no data upon which to base an estimate. Suffice it to say that the "machine" workers are always supplied with receipts, so that no one desiring to vote the "machine" ticket may suffer for want of one. In Pittsburg, I am informed by a well-known political leader, that both sides have agreed to disregard the tax qualification and there is no challenging on this line; a statement that finds ample support in the facts disclosed in the Guthrie contested election case of 1896.

In October, 1900, 127,375 poll-tax receipts were issued, an unusually large number, due to its being a presidential year. It is estimated that 80,000 of this number were purchased by political organizations. In January, 1900, the tax receiver rejected 20,000 orders filed by the Republican City Committee because of his belief that the orders were fraudulent. To avoid a similar experience, in the autumn the City Committee purchased its receipts through the ward deputies, a much more complaisant set of men, judging from the developments in the cases already investigated.

Lists of Voters.

The padding of the assessors' lists was for eight years reinforced by the failure of election officers to make lists of voters, as required by the acts of 1839 and 1874. This failure to prepare lists as the voting progressed, and to file them in the office of the prothonotary, not only handicapped, but effectually stopped, the detection of fraudulent voting

when the election board was friendly or subservient to the "machine." There was no evidence available that fraudulent names had been voted on, except that of the election officers, and experience had shown that this was a poor dependence.

With no vouchers filed, as required by the act of 1874 *supra*, and no list of voters filed as required by the acts of 1839 and 1874, the "machine" had everything its own way and the fraudulent vote mounted up rapidly. The abnormal Republican majorities began in 1892, the first year in which there were no lists of voters prepared and filed. Since then there has been a continuous increase until it reached the maximum in February, 1899, when Samuel H. Ashbridge, the present mayor, was given the unprecedented majority of 122,241. Ashbridge, Republican, received 145,778; Hoskins, Democrat, 23,557 votes.

In February, 1900, the Municipal League of Philadelphia instituted a case to determine whether the decision of the county commissioners, not to instruct the election officers to prepare and return lists of voters, was justified in law. After many vicissitudes the case was argued by District-Attorney Rothermel on behalf of the commonwealth, in support of the League's contention that the provisions of the acts of 1839 and 1874, requiring such lists, were still in force and effect. The attorneys for the county commissioners, Messrs. Brown and Fow, maintained that these provisions had been repealed by the act of 1891 (although the commissioners needed a whole year to come to this conclusion, having given the usual instructions after the passage of the act of 1891 up to the fall of 1892). Judge Beitler, in an elaborate opinion, overruled the commissioners and flatly decided that the two election clerks must make up lists of voters, one of which was to be filed in the prothonotary's office with the other election returns.[1]

[1] 9 District Reports, page 632.

Secrecy of the Ballot.

The disability clause of the Act of 1893, which reads:

"If any voter declares to the judge of election that by reason of any disability he desires assistance in the preparation of his ballot, he shall be permitted by the judge of election to select a qualified voter of the election district to aid him in the preparation of his ballot, such preparation being made in the voting compartment,"[1]

has been generally used by "machine" workers to control the easily intimidated vote. Where there is any doubt as to how a subservient voter intends to mark his ballot, or where there is doubt as to his ability to mark it, the worker insists that the voter take him into the voting compartment. Very often it is made a condition that the worker shall accompany the voter. To refuse is to create suspicion and it is not an unusual sight in some sections for the boss of the division to go in with every office-holder. In one division the boss marked thirty-five ballots, in some instances the voter not taking the trouble to go into the voting compartment, allowing the boss to take the ballot and mark it by himself. In another division the record of a watcher showed that the division boss, who was also the ward boss, had assisted 112 voters to mark their ballot. The banner division, however, is one in the Second Ward, where there are 158 voters of Italian birth to 8 of American or Irish birth. Yet the ballot of every Italian who voted was marked by one of the Irish-American voters. The returns showed that all who voted agreed with the worker who did the marking.

There is practically no longer a secret ballot in Philadelphia. The abuse of section 26 of the Act of 1893, as just mentioned, destroys it for a large number of the ignorant and easily intimidated and the form of the ballot destroys it for the rest. The law of 1893 provides for a straight ticket. The voter who supports the regular Republican or Democratic ticket can therefore vote his preferences by a single cross in the circle

[1] Act 1893, Section 26, P. L. 432.

at the top of the column containing the party ticket, which can be done in a very short space of time. The independently inclined voter, however, must mark each name with a cross, and this consumes much more time than voting a straight ticket. Consequently political workers can tell to a nicety whether a voter is voting straight or cutting. I have been in the election booth on occasions when there has not been a difference of more than two or three in the unofficial tallies kept by party workers and the official count of straight and cut tickets.

Not only is the secrecy of the ballot violated in the two ways indicated, but in many divisions the curtains required by law are taken down so that there is an unobstructed view of the interior of the voting compartment and every movement of the voter is discernible.

Intimidation.

Intimidation plays a large part in election methods. We have already mentioned one form of it, that of the political worker insisting upon marking the ballot, but by far the most dangerous and intolerable form is that of police intimidation. The Municipal League recently issued a leaflet entitled "Stumbling Blocks," which contains ten instances of brutal police interference and intimidation at the election held on November 6, 1900. The following case is quoted as illustrative of the others:

"The conduct of policemen and others in the fourteenth division of the Fourth Ward on election day was fully described before Magistrate Eisenbrown yesterday, when Police Sergeant William Morrow, of the Second and Christian streets station, and Robert and John Briscoe, colored, were given hearings. The police sergeant was charged with assault and battery and with illegally arresting Patrick C. McBride, judge of the election. The Briscoes were charged by McBride with assault and battery and with having attempted to kill him. McBride told how Sergeant Morrow and a dozen or more policemen loitered about the polling place from the time the polls opened. They were closed when the riot occurred at noon. 'A man, Miller by name,'

said the witness, 'entered the polling place a few minutes past twelve o'clock. He was accompanied by Robert Briscoe. Miller wanted to vote and Briscoe turned to me and said: "He wants me to assist him in the marking of the ballot." I asked Miller if he could read and write and he said he could. "Well, then," I said, "you need no assistant," and I told Briscoe he would not be permitted to give the voter any assistance.

"'Just then Robert Briscoe drew a revolver and after pointing it at me fired. John Briscoe also drew a revolver and shot at me. The polling place was then filled with an excited crowd and while I was endeavoring to escape some one struck me with a blunt weapon. I was dazed and when I recovered I was bleeding, and upon reaching the door Sergeant Morrow grabbed me and pulled me out on to the pavement.'

"'I'll send you to the hospital,' he said. '*Instead of sending me to the hospital he sent me to the Central Station, where I was locked up.* Another policeman had the man who assisted in the shooting and he let him go.'

"At the conclusion of the testimony Morrow was held in $1,500 bail and the Briscoes in $2,000 bail each."[1]

Why a judge of election should be locked up for seeking to do his duty is beyond the comprehension of ordinary citizens, but is apparently entirely clear to the police, whose conduct on such occasions tends to deter others from doing their duty.

The policemen take their orders to do rough political work because they know that their positions depend upon it. Citizens accept rough treatment from the police because they fear the consequences of complaint. In the sections where "roughing it" prevails, the population is not one marked by a careful and scrupulous compliance with the law and a hostile policeman can prove to be a source of great annoyance. On the other hand, a friendly policeman can conveniently overlook little infractions which might otherwise prove serious breaches of the peace. Just so with the police in their relations "to the front." The patrolman who obeys his political orders need have little fear that his delin-

[1] *The Press*, November 28.

quencies will find him out; but the one who thinks and acts for himself in matters political must needs keep close guard on himself and refrain not only from actual but from fancied wrongdoing. Within the past few months a lieutenant and two sergeants whose political affiliations or views did not suit the machine were dismissed on trivial charges,[1] notwithstanding that each one had upwards of twenty years of honorable service on the force to his credit.

An annoying and yet effective form of intimidation is that of sending anonymous or forged threatening letters to intending voters, alleging that an attempt to vote will be followed by prosecution. In the mayoralty campaign of 1895 the following letter was sent out in large quantities:

"INDEPENDENT CITIZENS' COMMITTEE,
"Room 1231 Drexel Building,
"PHILADELPHIA, *Feb. 16, 1895.*

"DEAR SIR:

"Upon a careful examination of the records in the office of the Receiver of Taxes, we find that your name does not appear as having paid a State or County tax within two years.

"You are, therefore, not entitled to vote at the coming Election.

"Voting, or attempting to vote, without the payment of tax is a misdemeanor punishable by fine and imprisonment.

"This Committee have engaged the services of eminent counsel and intend prosecuting all persons who cast or attempt to cast illegal votes.

"By order of the Executive Committee.

"CLIFFORD ROBERTS WOODWARD,
"*Chairman.*

"C. HENRY WOOD,
"*Secretary.*"

There was no such committee and there was no such room. The names were intended to create the impression that the circular had been sent out by R. Francis Wood, the well known secretary of the Pennsylvania Civil Service

[1] The Philadelphia *Press.*

Reform Association and by myself. The effect of such a letter was to keep the person receiving it from voting because of the fear that there might be something wrong with his receipt if he had one or because he did not care to be subjected to possible challenge at the polls. The average voter is timid and dislikes exceedingly any objection to the exercise of his right. Rather than run any risk many will not go to the polls if they have any thought that they are likely to have any trouble. Fully 75 per cent of such letters are effective either directly by causing the voter to stay home or in creating a feeling of resentment against those suspected of sending it, namely, those who are thought to have signed it.

Conclusion.

There are many other election methods pursued, such as holding back the returns until the number of votes needed is determined, then altering them and allowing the division boss to call off the vote from the ballots to suit his purposes; but these methods are incidental rather than general, as is also the stuffing of the ballot box, such as was practiced in the thirteenth division of the Seventh Ward, at the November, 1899, election, in the now famous Salter case. The general methods most frequently practiced are those which have been described at some length and the reason is obvious. The chances of detection are reduced to a minimum.

Accompanying the practice of the methods I have described there has been a general laxity of administration of the election laws which has materially aided fraud. The distribution of ballots is negligently done so that it is by no means difficult for a corrupt politician to gain possession of them in advance for his use. We have already noted the laxity which prevails in the matter of maintaining curtains and how this interferes with the secrecy of voting. In many divisions the election return sheets are signed before the official count is begun, and so I might enumerate many other practices which

prevail that in themselves are somewhat trivial and not so very reprehensible, and yet when combined with a corrupt intent by a shrewd and unscrupulous manipulator aid powerfully in the perpetration of fraud.

The Ballot Law of 1893 was intended to remedy many existing defects, but it has improved the situation but little. True the ballot is now prepared and distributed by public officials, and this marks a gain over the former system of private or partisan preparation and distribution; but the defects are still many. The objections to the present law are perhaps best summed up in a statement issued by the Union Committee for the Promotion of Ballot Reform and the Merit System in Pennsylvania, comparing the existing law with the proposed bill drafted by the Pennsylvania Ballot Reform Association and advocated by the Union Committee, as follows:

THE PRESENT BALLOT IS:	THE PROPOSED BALLOT IS:
COMPLEX.—There are two, and under some conditions three ways of marking. This puzzles the voter and leads to errors and litigation. The arrangement and duplication of names, the extraordinary number of columns, the location of exclusively county tickets in the lower half of the sheet, are all bewildering.	SIMPLE.—There is only one way to mark it and there are no perplexities in the instructions. The voter's intent is not open to misconstruction, and the question of legal entanglements is eliminated. No name can appear upon it more than once. The arrangement is uniform at all elections.
UNFAIR.—It favors certain groups of candidates and discriminates against others. It makes distinctions between citizens, placing difficulties in the way of the thoughtful and considerate, and making it easy and instantaneous for the careless. This decrees an inequality of citizenship, handicapping the thinking and giving the thoughtless every advantage. The Constitution declares that "Elections shall be free and *equal*."	FAIR.—Every candidate and every voter is upon an equal footing. This is the intelligent, practical and square method indispensable to the permanence of a democracy. An equal chance is given to all—"a fair field and no favor," and precisely the same amount of work is required of every voter; none is weighed down and none is favored—each must make the same number of marks.
UNCERTAIN.—There is an ever-present risk in marking in any other way than within the circle. Only the most scrupulously careful elector feels reasonably sure that he has succeeded in expressing his conviction as he wished to do. Time, thought and close scrutiny are required of one voter and a premium is placed on carelessness and inconsiderateness for the other.	SAFE.—There is no room for doubt. The elector is voting for some person or persons for a specific office, and beneath the title of each office, finds the statement as to how many he should mark as well as the party designation of each candidate. That the form is easily adaptable is demonstrated by the operation of the Crawford county system of primary elections, by which candidates are voted for directly and are chosen by electors out of long lists of names. The ballot is not experimental, being in successful use in Massachusetts, Rhode Island and other places.

PUBLIC.—Every person in the polling place knows whether the elector marks a straight or a split ticket from the relative length of time taken to mark the ballot. This is against the spirit of the law forbidding a disclosure of the vote, and it robs the elector of the sense of perfect freedom, which is his by right of intent of the law.

INEFFICIENT.—There is no reasonable classification affording the voter who may wish to exercise particular care regarding a certain office, proper facility for picking it out. He is hampered instead of helped. Our government is based upon the idea that each officer shall be chosen specifically with regard to the duty he has to perform, but the ballot we now have distinctly operates against this.

CUMBROUS.—The enormous size of the ballot, the multiplication of columns, the ridiculous deserts of blank space, the repetition of names and titles, and use of columns as mere implements to punish some one, or by false pretence to add to another's strength, all contribute to the arraignment of the present unwieldy monstrosity. The actual ballot from which the within specimen was made in accordance with the provisions of the new measure, was 24 inches wide and 18½ inches long. There were 64 persons named upon it, though the number of names was made, by repetition, to appear as 93. One candidate was placed at the head of four columns and another appeared in five. There were 88 groups or sets of offices and the words "Mark one" or "Insert one" were printed a similar number of times. By actual measurement there were 8¼ lineal feet of absolutely wasted space, including 30⅜ inches totally blank, 36½ inches in unnecessary repetition of titles and 20¼ inches in needless headings. The sheet is difficult for election officers to handle, hard to put in the ballot box, and often compels officials to send for another receptacle.

COSTLY.—There is quite a draft upon every county treasury due to the expense of paper and printing.

SECRET.—Every elector must spend about the same time in the booth while marking his ballot, and there is no way of knowing how he votes. This secrecy makes secure the independence of all citizens. The helpless may have aid, but the proposed law provides that the assistant must be sworn.

COMPLETE.—It makes each office stand out distinctly and, accordingly, fixes a standard of merit. It fulfils the first requirement of a ballot—that it shall facilitate the recording of the real thought of the people. It is a fully competent instrument.

COMPACT.—That it is sensible is apparent. Its condensation and simplicity readily commend it to the eye. Every name can be found quickly, and when it is found, it is with the knowledge that it is nowhere else. The party designation stands out clearly. There is no waste and no maze. The ballot, with a liberal margin, is 9½ inches wide and 15 inches long. The type used is a reproduction of that on the official ballot from which it was copied. It has upon it everything needful that the blanket sheet, from which it was condensed, had. It is easy to handle, not hard to get into the ballot box and can be counted with fewer difficulties than the present ballot.

INEXPENSIVE.—It would not cost half as much as the present form.

I have sought in this article to set forth clearly and concisely the actual conditions relating to Philadelphia elections, and to indicate the reforms needed to eliminate existing evils, and to protect the exercise of the franchise from fraud, corruption and mischance. Only a few of many instances have been cited in support of statements; but sufficient to

justify the contention that there is an immediate need for action on the part of those charged with the duty of legislating on the subject. What we need in Pennsylvania is a complete election code; but pending its drafting, there should be a general effort to secure the enactment of the Ballot Bill just referred to and the adoption of the Registration Amendment.

CLINTON ROGERS WOODRUFF.

Philadelphia.

THE REORGANIZATION OF RAILROADS.

The consolidation of the leading trunk line railways during the last two years, a movement which seems to promise at no distant date the union of the entire railway system of the United States under a single management, draws attention to the thorough-going readjustment of the securities of doubtful roads which paved the way for the consolidation. The panic of 1893 revealed the precarious condition of many of the largest systems in an unparalleled series of bankruptcies. At one time 52,000 miles of railway were in the hands of receivers. The searching examination of their affairs which followed their efforts for rehabilitation revealed the facts that the bankrupt roads were greatly overcapitalized, that their bonds were improperly secured, that their traffic agreements and leases were often a burden rather than a help, and that in many cases they had been badly, even fraudulently, managed. With these facts before them, the financiers to whom the task was committed by the bondholders set about the work of reorganization.

The reorganization of a bankrupt railroad is a settlement of the claims of the different parties in interest on such a basis that the property can be released by the court and again managed as a going concern. Reorganization does not imply a sale for the benefit of creditors. The conflicting interests of a great railway system are so many and various and the complexity of the system is so great, being made up as it is of numerous parts which have been slowly welded together in the growth of the system, divisions, branch lines, subsidiary companies and terminal companies, each branch and section, moreover, having been long since covered with mortgages of different age and degree, while the terminals are represented by a separate issue of bonds, the rolling stock by another, and the whole covered over by a general mortgage, the complexity of such a structure, to

repeat, is so inextricable, that an attempt to carry out in literal detail the provisions of the mortgages would be not merely expensive and inconvenient, but unjust and unlawful. It is expensive and inconvenient because, for any class of bondholders to purchase the road outright, involves a settlement of the claims of other creditors on a cash basis, a transaction enormously costly and correspondingly tedious; whereas to attempt a foreclosure of branch line mortgages or sectional mortgages, whose security is valuable because of the fact that they are integral parts of a large railway system—to foreclose and take these separate pieces of railroad out of their connection with the system as a whole, would greatly impair their value. It is unjust, because the value of a railroad at a forced sale, when it is covered with the stigma of default and under the cloud of bankruptcy, when, moreover, as is always the case, its earnings are far below their normal level, and when the demand for securities from the public is weak and uncertain, does not represent its real value. A foreclosure sale is unjust to stockholders and junior bondholders in that it would seriously impair, if indeed not entirely destroy, the value of their securities. It would force a sale under unfavorable conditions at a time when purchasers are not to be had, and when the property is unduly discredited and depreciated.

A foreclosure sale is manifestly impossible, but the interests of the security holders and of the financial world point to a speedy settlement. The road must be placed upon its feet with the least possible delay. So long as its affairs are unsettled, the values of its securities, with the exception of certain divisional and terminal bonds which are too well secured to be in any way affected, are abnormally low, lower even than the value which the diminished earning power of the road would naturally assign them. This unnatural depreciation applies particularly to all junior bonds and to the stock, the securities, in other words, which will naturally be disturbed in a reorganization. The uncertainty as to

their future greatly depresses their value. Those persons whose capital is invested in these discredited securities are unable to realize on their investment for fear of utterly breaking the weak market, and increasing the weight of losses which are already severe. Banks and trust companies have taken such stocks and bonds as collateral, and, pending a settlement of the value of these securities, their loaning power is to this extent reduced. The banks are unable to sell the collateral for fear of loss, and without a reorganization the loans which they have made on the basis of those securities cannot be paid. All interests are equally concerned to reach a speedy reorganization of a bankrupt corporation. Unless some attempt is made to treat some interest unfairly, the operation is quickly concluded. The welfare of every interest points to an amicable settlement which shall preserve the integrity of the system, and equitably apportion between the stock and bondholders the losses which have been sustained by the road. The courts have always taken this view of the matter, and have sometimes gone so far as to recommend to conflicting interests that they make haste to arrive at a settlement of their difficulties in order that the receivers might be discharged.

Objects of Reorganization.

The objects of reorganization are (1) to pay off or fund the floating debt; (2) to provide funds for betterments and for working capital; (3) to reduce fixed charges within a conservative estimate of net earnings.

The payment of floating debt is of first importance. A large floating debt is a constant menace to the safety of any railroad. The Reading emerged from a receivership in May, 1883, under a plan of reorganization which did not make adequate provision for the floating debt. The result was that in June, 1884, the road was again in the hands of a receiver. The maintenance of a large floating debt is also a

heavy expense because of the necessity of frequent renewals, which must often be met at a time of financial stringency. The Reorganization Committee of the Atchison, Topeka & Santa Fé, in the report of 1895, stated that during the five years preceding the road had paid over $1,100,000 in discounts and commissions to secure the renewal of $9,000,000 of guarantee fund notes. As an unsecured claim, floating debt is inferior to bonds, except in so far as it represents arrears of wages and payment for supplies. Floating debt, however, is usually very well secured. It represents advances by bankers, trust companies, or large individual capitalists, and is fully secured by collateral which, in its turn, is secured by property indispensable to the operation of the system. The Reading Railroad Company in 1892 deposited $12,000,000 of collateral to secure $2,000,000 of loans. The holders of floating debt are thus in a position to demand full recognition. If their claims are not paid they can either present the bonds which they hold as collateral to be taken care of in the reorganization, or they can make trouble by selling these securities, and injuring the credit of the company which is being reorganized. Moreover, the trustee of collateral bonds is usually authorized, in case of default, to apply the income from the collaterals to the payment of the interest due, and if any surplus remains to apply it to the principal payment if a forced sale of these securities seems inadvisable. The first object of every reorganization is therefore to provide for the floating debt.

The physical condition of the road next demands attention. Road-bed, track, bridges and equipment have been allowed to deteriorate before the failure, money may have been taken from betterments to apply to dividends, and the facilities of the road are entirely inadequate to accommodate the traffic which it would otherwise secure. While the receiver is in control he usually finds it necessary, in order to keep the road in operation, to make large expenditures for betterments. Much, however, still remains to be done

in the same direction before the railroad can be considered safe. The Reorganization Committee of the Northern Pacific Railroad estimated that at least eight million dollars must be spent on the road in a very short time. If the new arrangement is to be permanent, if the road is to be secured against future disaster, and if it shall gain its full share of a growing traffic, it must be put in the very best physical condition. The earnings of the Chesapeake & Ohio Railroad, which was reorganized in 1888, and has since been managed by Drexel, Morgan & Company, who financed the reorganization, have been largely increased as a result of the heavy expenditures upon road-bed and equipment which were provided for in the readjustment. It is not necessary that the entire amount necessary for this purpose should be raised at once. Nay, more, if the earnings of the road improve, these special appropriations may possibly not be required. Some guarantee, however, there must be for this purpose if the reorganization is to be successful.

The reorganization managers should also provide that the net earnings of the system, on a minimum estimate, should insure a good margin above fixed charges. Unless this is done, at the next season of trial, net earnings may again fall below interest requirements, and another surgical operation will become necessary. It is not necessary, and it is never provided, that fixed charges should be so much reduced as that an estimate of net earnings, based on present conditions, would assure the immediate payment of dividends. Such a course would be unfair to bondholders. If reviving business increases earnings to the point of dividend payment, that is the good fortune of the stockholders; but the bondholders cannot in reason be asked to submit to a greater reduction in their claim than is sufficient to enable the road, out of its net earnings, to pay interest and provide for working capital, renewals, and betterments. It is customary to take the net earnings of years preceding the default as the basis of reorganization. This is, however, compared with the more

favorable figures of former years in estimating the ultimate loss which must be sustained.[1]

Methods of Reorganization.

The first step in carrying through a plan of reorganization is usually the formation of committees to represent the owners of different classes of bonds and stocks. This may not be necessary. The receivers or the directors may themselves formulate a plan of reorganization, or they may appoint a committee to formulate such a plan, to which they invite the assent of the security holders. If the plan proves satisfactory, it may, without further proceedings, at once be put into effect. It is seldom, however, that this method of settlement can be adopted. Holders of different classes of securities which are unequally burdened by the plan of reorganization, although the terms proposed may be as fair to all interests as any subsequently obtained, are unlikely to consent to any plan which they have had no hand in framing. The formation of committees is sometimes delayed until a preliminary plan can be considered. If this proves unacceptable, the disaffected interests proceed to organize in self-defence. Particularly when the bonds are held abroad, has it been usual for protective committees to be appointed to represent the interests of English, Dutch and German investors. These committees are appointed in different ways. The simplest plan, as above noted, is for the receivers or directors to appoint a committee to draft a plan. Such a committee, however, represents no interest and is merely advisory. The first reorganization plan of the Erie Railroad in 1893 was proposed by a committee appointed by the receivers, and the reorganization plan of the Wabash road in 1886 was proposed by directors. It is not often, however, that a plan thus proposed

[1] The Northern Pacific committee, in one instance, refused to consider, in their estimate of net earnings of the previous year, the sum of $363,000, a loss which they claimed had been due to "exceptional circumstances," altogether unlikely to recur.

secures the consent of the creditors. Another method is for a meeting of bondholders to be called for the purpose of appointing a committee. This was done in the case of the Richmond and West Point Terminal in 1892. Such a committee is temporary, and, as a rule, contents itself with proposing a plan for the consideration of other interests. But it is when dissatisfaction with proposed plans arises, that bondholders and stockholders hasten to unite. The method now usually employed is for large individual holders to constitute themselves or their representatives a committee to take charge of the interests of a particular class of securities, and to invite creditors or stockholders to signify their consent to this arrangement by depositing their securities with some designated agent. If a majority of the securities are thus deposited, the self-constituted committee becomes representative, and is legally entitled to act in the reorganization proceedings. [1]

Stockholders' reorganization committees are of more seldom occurrence; and are resorted to only when a proposed plan of reorganization is so manifestly unfair as to give the injured party a standing before a court. Thus, in the first plan for reorganizing the Texas & Pacific Railroad in 1886, which was brought forward by the Gould interest, it was proposed that the stockholders pay an assessment

[1] On June 10, 1885, certain holders of the first mortgage bonds of the New York, West Shore & Buffalo Railroad issued a circular, in which, after setting forth the danger that the other creditors of the road would secure themselves, to the prejudice of the bondholders, they made the following proposition: "It becomes imperative for the bondholders, therefore, to combine and take immediate action to protect their own interests. To that end, the undersigned—themselves bondholders, and with no other interest in the property, directly or indirectly, except as such—constitute a committee for the purpose of enforcing all the rights of the bondholders under the mortgage, and of securing to them ownership of the property which it covers at the earliest possible date. That the efforts of the committee will meet with vigorous opposition is evidenced by the repeated threats of those whose representations induced the purchase of the bonds that foreclosure of the mortgage can be delayed for many years. But the committee, satisfied that to foreclose the mortgage and take the property is the only way now open to the bondholders, is ready to accept the issue and undertake the work." A majority of the bonds were placed in the hands of this committee and it forthwith became representative.

which practically amounted to two-thirds of their holdings. The stockholders immediately placed their interests in charge of a committee which co-operated with other committees representing different classes of bonds, and succeeded in reducing the assessment from 66⅔ per cent to 5 per cent, which later was generally considered to be a fair amount. As a rule, however, the stockholders have had no opportunity to make their slender claims felt in reorganization proceedings.

The next step in the reorganization is the formation of a new company in which is vested, after foreclosure sale, such portions of the property of the old company as it is thought wise to retain, and which either assumes the obligations of the old company in their original form, or secures such modifications and reductions in their amount as are necessary to the success of the new company. In the conditions of exchange of the securities of the old company for those of the new the objects of reorganization can be attained. This exchange of securities serves a two-fold purpose. It makes possible a concentration and simplification of the system by uniting branch line and terminal securities, car trust certificates, equipment bonds and other heterogeneous fragments of investment under single issues, which are more easily managed, better secured, and of higher value than those which they displace and it affords a basis of settlement with those interests whose securities are disturbed by the reorganization.

Consolidation of Securities.

An illustration of the effect of reorganization in unifying the securities of a road is afforded by the Atchison reorganization of 1896, the results of which are presented in the following table :

List of securities before organization.	List of securities to replace them.
Chicago & St. Louis, first mortgage 6's	Chicago & St. Louis, first mortgage 6's.
Guarantee Fund Notes 6's.	
Equipment Trust, series A	Four per cent general mortgage.
Equipment lease warrants.	
Miscellaneous unconverted bonds.	Four per cent adjustment bonds.
General mortgage 4's.	
Second mortgage "A" 4's.	Preferred stock.
Second mortgage "B" 4's.	Common stock.
Income bonds.	
Capital stock.	

Not only are the securities which are disturbed in the reorganization consolidated and unified, but provision is further made for the creation of sufficient securities to be issued in exchange for all undistributed divisional bonds as they come due. The advantages to be derived from this simplification of a railway system are set forth in the circular issued by the reorganization committee of the Northern Pacific Railway. The property of this company consisted of a railway system of 5,706 miles, a land grant of 43,000,000 acres, and sundry bonds, stocks and accounts representing interests in terminal, express, coal and navigation companies. This property, before the reorganization, was represented by fifty-four corporations which had issued $380,000,000 of stocks and bonds. The circular continues:

"As it now stands, the system, in its form of incorporation and capitalization, is a development without method or adequate preparation for growth. Scarce any single security is complete in itself. The main line mortgage covers neither feeders nor terminals. The terminal mortgages may be bereft of their main line support. The branch line bonds are dependent upon the main line for interchange of business, and the main line owes a large part of its business to the branch lines."

It was evidently a great advantage to this road to have its various parts firmly united under one set of securities, for which the entire system, complete in every part, with all its

property under its immediate control, stood sponsor. By this reorganization, moreover, a sinking fund provision, attaching to the land-grant bonds, which, by requiring the payment of a fixed proportion each year, rendered the life of each bond uncertain, and seriously depressed the value of the entire issue, while, at the same time, injuring the company in those years when it was necessary to sustain the sinking fund out of the net earnings. The Erie Railroad offers another example of an advantageous union of conflicting interests by means of a reorganization. The Committee of Reorganization remarked as follows:

"The Erie System is made up of the lines known as the New York, Lake Erie & Western, the New York, Pennsylvania & Ohio, and the Chicago & Erie roads. These two latter are operated by, or for the Erie, upon the guaranty that a fixed proportion of their gross earnings shall be paid without regard to the actual interests of the business. This arrangemement is inherently weak and develops a conflict of interests between three companies that ought to be close allies; and it also checks development and improvement (which are especially necessary in respect to the N. Y., P. & O.) as expenditures for such purposes are beyond the ability of the Erie, which has no *real* proprietary interest in these lines and no means of securing reimbursement for betterments upon them. The permanent removal of these troubles is most desirable. In order to remove them, and to establish the community of interests above referred to, the annexed plan proposes to consolidate or otherwise unite the three corporations. The new company will, so far as practicable, be vested with direct ownership of the various properties, comprised in the system by avoiding the necessity of keeping up the separate existence of a large number of the subsidy companies controlled by the present company."

A more important use is found for the new securities in exchanging them for the disturbed securities of the old company. These securities may be disturbed in various ways—by assessment, by conversion into other claims of inferior lien, by reduction of interest, and by reduction of principal. Most important of these changes are those resulting from assessment, and from the conversion of junior

mortgages into claims upon profits. The nature and results of assessment will first be considered.

Assessment upon the Stockholders.

In every receivership, large sums must be raised to lift the bankrupt out of the mire of difficulty. Floating debt has accumulated and must be paid. Unpaid interest has piled up to disheartening heights, and the expenses of the reorganization are by no means small. This is to say nothing of the expenses of betterments and repairs, which, indeed, as will be presently shown, can be spread over a long period, and dealt with in different fashion. The cash requirements of the Baltimore & Ohio in 1896 for unpaid interest were $4,565,000, for car trust certificates, receivers' certificates and other obligations, $19,192,000, and for floating debt, immediate improvements, equipment, working capital of the new company and reorganization expenses, $12,334,000, making a total to be raised of $36,092,000. The managers of the Erie reorganization of 1895, had to provide for reorganization first lien bonds $2,500,000, for collateral trust bonds $3,344,000 and for floating debt and equipment trust notes, $13,500,000, a total of $19,344,000.

This money can be raised in two ways—by assessment upon the different interests concerned, according to the degree to which the nature of their securities renders them liable to imposition, and by the sale of the general mortgage bonds of the company. In rare instances, also, securities already held in the treasury have been sold. Most of the floating debt consists of short time loans, secured by bonds and stocks, of which the company is still the owner. It might seem that this property could advantageously be sold to pay the debt which it secures. A large amount of floating debt has to be paid. This floating debt is secured by collaterals, whose market value is sufficient to pay the obligations which they secure. The

company must pay this debt in any event. Why not allow these securities to be sold and thus obtain the means of liquidation? This method for paying floating debt has never, in hardly any important reorganization, been so much as considered. On the other hand, the road always regains possession of these collaterals by paying its debts with funds raised in some other manner, and redeposits them in its treasury. In only one important instance do we find the plan of selling collaterals to have been adopted. The Baltimore & Ohio Railroad in 1896 sold $3,500,000 of securities which it held in its treasury to raise a part of the cash required in its reorganization. This case offers an explanation of its exceptional nature, and shows why other roads did not pursue the same policy. The greater part of these collateral securities consisted of Western Union Telegraph stock acquired some years before in exchange for telegraph interests of the Baltimore & Ohio Railroad. These securities, therefore, represented a "clear asset" of the railroad company, an asset, that is to say, the possession of which was in no way essential to the integrity of the system, and the loss of which would not diminish its earning power. Such property as this would naturally be sold as the most available means to raise money. Nor could the creditors fairly object should the court authorize such a sale. "Clear assets" such as these, form no part of the security of the bonds, and could be sold for the benefit of the stockholders—the real owners as yet of the bankrupt road—without in any way decreasing the value of their bonds. In such a case as that presented by the Baltimore & Ohio, securities which are the property of the road can be sold to obtain the funds required for the reorganization. But collaterals, as a rule, are not "clear assets." They are the bonds and stocks of branch railroads and various subsidiary companies which are component parts of the general system, and directly contribute to its earnings. It would be both unwise and unlawful to sell them for the payment of the floating debt.

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It would be unwise because, deprived of its branch lines and subsidiary companies, the road would be seriously crippled by the loss of the long-haul business contributed to it by these feeders. These branch lines, moreover, might be acquired by its stronger rivals at a time when the market value was low, and the position of competing roads might thereby be strengthened at the expense of the system from whom these feeders had been taken. The sale of these collaterals would furthermore be inequitable and actually unlawful. It would be inequitable because it would impair the security of all the bonds which is the capitalized value of the net earnings essentially of the entire system. These bonds, moreover, may have been bought by their present holders at prices increased by the improved security which these feeders had furnished. Such a sale is, moreover, unlawful, because branch lines and subsidiary companies are expressly covered by some mortgage and could not be sold for the benefit of any but the holders of the bonds which they secured.

Cut off from the recourse of the ordinary bankrupt, the bankrupt railroad which is struggling toward the surface has first resort to assessment upon stockholders. The stockholders, so it is commonly held, are the risk takers. They receive the extra profits, and it is but just that they should bear the brunt of the loss. The stockholder is, in the common run of opinion, the entrepreneur, the active man of business, who is in position to take advantage of the extra gains of prosperity, and who should now be willing to shoulder the burden of calamity and misfortune. This view of the case does not describe the real situation. The stockholder has, through his representatives, placed certain mortgages upon his property, agreeing in the terms of the mortgage contract that if the stipulated interest were not paid, the property could be sold for the benefit of the creditors. The contingency provided for in the contract has arrived, and the interest cannot be paid. The stockholder

is now confronted with an alternative. The creditors are willing to forego their rights of purchase—being constrained to this consent through the difficulty of dissolving the system into its component parts—on condition that the floating debt be paid, and the railroad again placed squarely upon its feet. Nay, more, they are willing to consent to a reduction of fixed charges in order that the danger of future bankruptcy may be removed. They demand, however, as a condition of their forbearance, that the stockholders shall provide the cash which is immediately required. If the stockholders can raise the money, they may retain their interest in the road. Failing to do this, they must submit to one of two alternatives, either one of which will destroy the value of their stock. The road may be offered for sale, in which case the bondholders can employ as means of payment their own securities at par value, or the stockholders may resign their rights to other persons who are willing to take the chance offered to the stockholder and, by paying the assessment, become partners in the new company. If the second alternative be accepted, the stock is destroyed. If the stockholders accept the first and compete with the bondholders for the purchase of the road, they must undertake the impossible task of paying in cash the funded and floating debt of the entire system. There can hardly be any choice for the stockholder. The assessment which he is called upon to pay, taken in connection with the value of the shares in the new company which he receives in exchange for his old stock, more especially when the ultimate value of those shares is considered, shows a negative profit to be made by paying the assessment asked of him—that is to say, if he does not pay the assessment his loss will be absolute, his stock will be "wiped out"; while if he pays, there will be something left for him in the present, and the prospect of yet greater things in the future. Let us consider the situation of the stockholder who is considering an assessment proposition. In the plan for reorganizing the

Northern Pacific, it was proposed to assess the preferred stock $10 per share, and the common stock, as befitted its inferior position, a larger amount, $15 per share. On paying this assessment and depositing the stock, holders would be entitled to receive stock in the new company in the following proportions: Holders of preferred stock in the Northern Pacific Railroad Company, in return for 100 shares deposited, would receive fifty shares of preferred and fifty shares of common stock in the new Northern Pacific Railway Company; and common stockholders would receive share for share to the amount deposited in common stock of the new company. In order to judge of the attractiveness of this proposition, we must consider the value of the stock before and after reorganization, subtracting from the former figures the amounts of the assessments. The result appears in the following table:

	Value of Northern Pacific Stock December, 1895.	Less amount of Assessment, $15 common, $10 preferred.	Value of New Stock issued in exchange for disturbed securities, December, 1896.	Net Gain by Assessment.
Common . .	3 — 4⅜	—6⅜	12½—15⅝	7⅝
Preferred . .	10⅞—16	—1⅜	21⅜—25¼	21 13-16

The gain to the stockholder from paying the assessment is plain. If he did not pay it, his stock would be destroyed. Having paid the assessment, however, although for the moment this made his shares worth less than nothing, yet the stock of the new company which he received bore so high a value within a year, that instead of having nothing, the preferred stockholder had a security worth $23 7-16 and a common stockholder one of $13¾. When we allow for the amount of the assessment and the value of the old stock, the net gain to the preferred stockholder is $19⅜ per share, and to the holders of common stock $7⅝. Reorganizations take place in times of depression, when traffic and earnings are at the lowest point and when the values of all securities have greatly declined from usual figures. It is a practical

certainty that the stock which, before reorganization, is not worth five cents on the dollar, and which has not paid a dividend for years, when the road has been reorganized, its management renovated, and its physical condition so improved that it can take care of all business which is offered, will bear a much higher value than at the time of reorganization, and may even pay a respectable dividend.

With the prospect of reviving business, and with the certainty of a larger and more stable traffic to result from the permanent development of the country, the stockholder has every inducement to raise the money required for the assessment within the time fixed by the committee and agreed to by the bondholders. Take, for example, the case just mentioned of the Northern Pacific. The common stock, which, in December, 1896, was worth only 13¾, three years later, in December, 1899, was worth nearly four times that amount, or 52 5-16, while the value of the preferred stock had increased during the same period from 22 7-16 to 73 1-16. The Atchison stock, which paid a heavy assessment in 1895, shows the same upward movement. In January, 1896, just after the reorganization had been completed, the common stock sold for 14⅝, and the preferred stock for 21⅝. In December, 1899, the value of the common stock was 20 3-16, and the value of the preferred 60⅛. The stockholders of the bankrupt roads make no mistake when they rely upon the future to reimburse them for their sacrifices in the present. The time and manner of payment is made easy for them. Reorganization assessments are usually made payable in several instalments, extending over a considerable period which gives ample opportunity to the stockholders to raise the money required of them. There is seldom a disposition on the part of bondholders to "freeze" them out of the road or to destroy the value of their holdings. All they demand is that the security of their bonds should be made good by the rehabilitation of the property and the payment of its floating debt. If this is done, they are

willing that the stockholders should retain their interests in the property, not, however, without the check and control imposed by certain limitations and restraints which will be presently dealt with. In the majority of cases the assessments are fully paid. In the Erie reorganization of 1878, for example, only 9,542 shares out of 105,796 failed to pay their assessment. It must not be understood, however, that the original purchasers of the stock are, in the majority of cases, those who pay the assessment. Most of the small holders have long since sold their shares for what they would bring, and the purchasers are that class of capitalists who can command the amount of ready money necessary to take care of the bargains. Most of those stockholders who have not sold on the decline are squeezed out by the assessment, so that the stock which pays the assessment is in different hands from those where it originally belonged.

In rare cases, the junior bondholders have also been asked to pay an assessment. This practice, now almost universally abandoned, was formerly much in vogue. Its injustice was apparent. The junior bondholder is not a partner of the road—he is its creditor. Unless its affairs have got into a frightful state of demoralization, the greater part of his interest has been earned. Indeed, it may all have been earned, but diverted through a receivership to other purposes than interest payment. Under these circumstances, there is, as will be pointed out, good ground for changing the character of the security of the junior bondholder, but there is no warrant whatever, save in the most exceptional cases, for treating him as the stockholder is treated, and requiring him to pay a cash assessment. Sometimes, however, there is no alternative. The reorganization committee of the Atchison, Topeka & Santa Fe Railroad thus explained the necessity of levying an assessment upon the junior bondholders:

"The 4 per cent assessment is a necessity for the following reasons:
"About $14,000,000 cash has been raised to pay off the floating in-

debtedness of the company and for other purposes. The stockholders, in the ordinary course, should provide the whole of this amount, but in case they should fail to do so, the second mortgage bondholders would themselves have to provide the whole of it, in order to preserve their hold npon the property.

"It was therefore deemed to be in the interest of the second mortgage bondholders to divide the burden of this $14,000,000 between them and the stockholders.

"The proportion of the assessment that would be borne by the stockholders could only be gauged by the amount of assessment that they would be willing to pay in order to protect their rights. This amount is believed to be $10 per share, and it is necessary that the second mortgage bondholders shall provide the remaining $4 for their own protection."

There is no answer to this reasoning, and the way of escape from the assessment which it offers is really no permanent advantage to the second mortgage bondholders, who by paying the assessment will receive preferred stock for the assessment. This alternative is the one already suggested. A large issue of first mortgage bonds could have been made, and the funds required could have been raised by selling them below the market price to a bond syndicate, but this would have increased the fixed charges upon net earnings to the amount of the interest on this extra issue, and would have shoved in this interest ahead of the second mortgage bonds. As between increasing the fixed charges, and assessing the second mortgage bondholders, the second course appears to be the wiser.

The Underwriting Syndicate.

Although the stockholders' interest points to the acceptance of these conditions, and although the assessment is generally paid, still there is always the chance of failure, either from a general unwillingness on the part of the stockholder to accept the terms offered, in the hope of getting more favorable treatment, or from the inability of some stockholders to raise the required amount within

the time allotted for the deposit of their securities. It is of the utmost importance that the plan of reorganization, prepared with great care, and assented to by conflicting interests only, it may be, after a long struggle and much higgling, shall be carried through to a successful termination. Should the plan fail, the weary work must be done all over again, and the difficulty of perfecting a second plan is much increased by the unfavorable effect produced by the failure of the first. To guard against such a contingency, and at the same time to bring pressure to bear upon the stockholder by showing him that others stand ready to accept the terms which are first offered to him, the underwriting syndicate has been made a feature of all the later reorganizations. The underwriters of a new company agree to "finance" it, that is, to furnish all the money which may be required for its formation. Underwriting may involve an absolute or conditional agreement. The underwriters may either expressly agree to purchase a certain amount of securities outright, or they may merely guarantee the success of the various assessments and adjustments which are relied upon to furnish the funds required. As a rule, the two methods of underwriting are combined. The assessment upon stockholders cannot always be relied upon to furnish the necessary amount, especially if a large sum is immediately demanded. For example, the amount of cash to be raised for the reorganization of the Baltimore & Ohio Railroad was $36,092,500, and the total amount of assessment upon the $5,000,000 of preferred and $25,000,000 of common stock was only $5,460,000. As already noted, $3,500,000 was to be raised by the sale of Western Union Telegraph stock, but even this left the committee $27,132,000 short of the necessary amount which was raised by the sale of a part of the new issue to a syndicate, leaving so much less to be given in exchange to the holders of the old stock and bonds. This is an extreme case, but in almost every reorganization some cash must be provided by the under-

writers. The method is thus described in the Erie circular of 1895: "A syndicate of $25,000,000 in money has been formed to subscribe to $15,000,000 of the prior lien bonds of the new company, and to take the place and succeed to the rights of holders of preferred and common stock of the New York, Lake Erie & Western who do not deposit their stock and pay the assessments." In this case the cash requirements of the new company were met by the sale of securities and by assessment upon the stockholders. The sale of this amount of prior lien general mortgage bonds to a syndicate necessitated a reduction of the grade of other securities in order to keep the fixed charges well within the estimate of net earnings. [1]

The St. Louis & San Francisco Reorganization Committee made the bondholders of the road its underwriters. Of the $6,841,000 required, $5,500,000 was to be raised by the sale to the bondholders of $5,500,000 of new mortgage bonds and $19,250,000 of stock. For $670 in cash, a bondholder was offered $670 in new mortgage bonds, $469 in first preferred stock, $670 in second preferred stock, and $1,206 in common stock. The ordinary compensation of the underwriters is the margin between the value of the securities at the time of purchase and the value under improved conditions, and this margin, as already noticed, is in the case of some stocks very large. When bonds are purchased, they are usually taken at a substantial fraction below the market price. A stock commission may also be paid. The under-

[1] The Erie plan of reorganization offers an amusing instance of the inducements which can be held out to the stockholder to pay up promptly. Arrangements had already been made with the syndicate to furnish $15,000,000 of the $25,000,000 required. The remaining $10,000,000 was to be raised by an assessment of $8 on the preferred stock and $12 on the common. The managers, however, were able to offer a substantial discount for cash. They stated that the assessment was $12 on the preferred and $18 on the common, "but as prompt deposit of the securities and an early payment of a considerable assessment fund are important, a deduction of $4 per share on the preferred stock and $6 on the common stock will be allowed on account of the assessments above mentioned to such depositors as deposit their stock within a short period discretionary with the committee."—"Commercial and Financial Chronicle," vol. 61, p. 369. This is analogous to the practice of marking up goods before marking them down.

writers of the Union Pacific Reorganization Plan received for their services $6,000,000 in preferred stock, of which $1,000,000 went to the banking house which managed the reorganization. The compensation to reorganization managers where large interests are involved is usually $500,000 or $600,000 exclusive of expenses. The banking firm of J. P. Morgan & Co., during the last few years, have had charge of most of the large operations of this nature.

The Bond Reserve.

In addition to the providing of cash for immediate requirements, the reorganization committee must see to it that the necessary capital for betterments is secured. Each year a large sum should be spent on betterments by every well-managed road. Failure to do this invites disaster. The downfall of most railroads has been assisted by insufficient equipment and poor condition. So far as this expenditure results in an increase in earning power, it may be paid for by an issue of bonds. But an increase of debt is not easy to manage when bondholders have been heavily mulcted by reckless issue of bonds. They are apt to be very cautious in the future, and many reorganization plans during the twenty years preceding 1893, contained an express prohibition against any increase of the funded debt without the consent of a large majority of the bondholders. This consent it was naturally hard to obtain, and some roads were prevented from making the most necessary improvement by the inability to obtain the consent of bondholders to an increase of the debt. In their circular of August 31, 1895, the Reorganization Committee of the Erie Railroad remarked of this prohibition as follows: "The absence of any such provision for capital expenditure has always been one of the chief sources of embarrassment of the Erie system, and has made it imposible for that system to keep up with its competitors, or to adapt itself to handling business with that

economy which the character of its traffic necessitates." In the later reorganizations, the necessity of some provision for increase of capital has been clearly seen. It was, however, necessary, in order to gain the consent of stockholders and junior bondholders, from whom sacrifices were demanded, that they should be protected against the danger of reckless bond issue by the new company. Indeed, this solicitude for the stockholders' interests has been carried to such a length that, so far from conditioning the increase of funded debt upon the consent of the bondholder, it is the stockholder who must sanction an issue of bonds above the amount specified by the plan of reorganization, and in almost every case, two-thirds of the holders of one or both issues of stock must give their consent before any increase of debt can be made. It is necessary, therefore, if provision for necessary capital expenditures is to be made, that some expedient should be adopted which will not disgruntle the stockholder nor the junior bondholder. This expedient has been found in the bond reserve. A certain amount of the first mortgage bonds which are created by the new company, it is provided, shall be held in the treasury, and their issue shall be authorized only to a limited amount each year. Thus, in the plan of reorganization of the Norfolk & Western Railroad, issued March 12, 1896, it was provided that,

"$9,690,436 (of the first consolidated mortgage four per cent bonds) is to be reserved for the construction or acquisition of side tracks, second tracks, branches and equipment, and for other improvements and additions to the property covered by the first consolidated mortgage, and for other requirements of the new company; but such bonds are to be issued only subject to suitable restrictions to be prescribed in the mortgage securing the same, at a rate not exceeding $1,000,000 for each fiscal year after June 30, 1896): it being understood that any portion of such $1,000,000 of bonds remaining unissued in any one fiscal year may be added to the amount that may be issued in subsequent years."

This provision is in the interest of the stockholder, for it insures to the road an ample provision for betterment expen-

diture, while protecting the stockholder against reckless increase of funded debt. The bond reserve, moreover, makes the creation of floating debt largely unnecessary, for the greater number of the objects for which floating debt is created are specifically included in the permission given for a periodical issue of bonds.

Reduction of Fixed Charges.

The needs of the present have now been provided for. The floating debt has been paid, and provision has been made for sufficient capital expenditure to ensure the highest efficiency of operation. The committee on reorganization must now address itself to the more difficult task of reducing fixed charges so that they will come well within a conservative estimate of net earnings. The fixed charges of a railroad may be broadly divided into charges for leases and rentals, and charges for interest. The first can be more easily reduced than the interest charges. So long as a company is solvent, it must live up to its contracts, but a reorganized bankrupt is entirely free from the obligations and agreements of the old company. Bankruptcy has wiped out the old scores, and the new company need assume only such contracts as its organizers consider to be necessary to the success of the road. If a leased line has proved unprofitable, it can be dispensed with, or, if retained, the rental can be reduced. If a traffic agreement has proved unsatisfactory, a new arrangement can be made. If guaranteed interest on a branch line or a coal company has proven to be in excess of its contribution to the earnings of the main system, the interest may be reduced or the guarantee not allowed to stand. The reorganization committee has a free hand. They cannot be held to old agreements. Old contracts have lapsed, and must be renewed by the new company before they become binding against it. For this reason, every reorganization results in freeing the road from a part of its lease-rentals and guar-

antees. The most notable examples of a reduction in mileage by reorganization are furnished by the Wabash, with a reduction of 1,541 miles, and by the Richmond & West Point Terminal 4,479 miles. These cases are paralleled by the Atchison, which released the Atlantic & Pacific Railroad in its reorganization of 1895, and by the Reading, which abandoned the Central of New Jersey in 1892 and the Lehigh Valley in 1893. A more common method than the reduction of mileage, however, is the reduction of rentals. The owners of the leased line have usually no choice but to accede to the propositions of the reorganization committee for a reduction of charges. Their property is of little value outside of a large railway system, and, as a rule, the system in connection with which it is most valuable, is that with which it is already connected. The result is that the reduction in contracts by reorganization usually takes the form of a decrease of charges rather than a decrease of mileage. The extent of the reduction in rentals from reorganization is seen where the reduction of this item of fixed charges for the entire country is considered. The net reduction in lease rentals from 1892 to 1898 was $24,527,000, and of this sum $17,768,000 appears in the South and West where the failures were most numerous and extensive. The reductions of rentals are most conspicuous in the Northwest and Pacific coast railroads. It is true that a part of this decrease in rentals is to be ascribed to the steady movement in the direction of consolidation which is constantly converting lease into purchase, but coming so close together, the difference between the figures of 1892 and those of 1898 is sufficiently marked to warrant the conclusion that most of the reduction is due to the numerous reorganizations which intervened.

Reduction of Interest.

We come now to the most difficult part of the task which the reorganization committee have set themselves. The holders of some of the bonds must make sacrifices.

Although, according to the letter of the mortgage contract, they are secured by specific pieces of property, yet, as a matter of fact, this separate security is worthless,—they must all stand together if the earning power of the road is to be maintained. This being the case, what bonds shall be disturbed, in what way shall their claim be reduced, and what compensation shall be given? Let us reverse the inquiry and ask what are the bonds which are not disturbed? In every reorganization we find some of these bonds. Take the Erie road, for example. It has five divisional mortgages made on portions of the line which lie within the State of New York. These mortgages have survived three reorganizations, not being disturbed by any of them. In the same way the Norfolk & Western, the Reading, and the Baltimore & Ohio each carried over certain issues of bonds without in any way disturbing them further than in some cases to change their name by exchanging them into other securities of equal value. These bonds are passed by in the reorganization for the reason that their interest, even in the worst years, has been fully earned. Divisional bonds of important branch roads and first mortgage bonds of larger systems, not to forget terminal bonds, do not suffer for the reason that there is no way to get at them. The property which secures them, such, for example, as a terminal or a connecting link in a trunk line, cannot be dispensed with. Should the holders of these bonds force a foreclosure, they would dissolve the entire system. Moreover, since their interest has been fully earned in the contribution of their security to the general earnings, the courts would undoubtedly protect them against any attempt to reduce the amount of the principal or interest. It is common, however, to find that branch lines have not earned the interest on the bonds, even when allowance has been made for their contribution to the traffic of the main line. In such cases, divisional bonds fare no better than junior liens. For example, in the Norfolk & Western reorganization of 1895, several branch

line issues were partially converted into preferred stock. It is only an absolute first lien that can feel secure in a reorganization. First mortgage consolidated bonds have not been so fortunate. Their lien is subject to divisional mortgages which may easily, in bad years, so diminish the net earnings as to cut into the interest on the general mortgage. The Reorganization Committee of the Atchison, in their circular of 1895, took the following position with reference to the general mortgage bonds:

"After making a careful estimate as to how much of the existing lines, if retained in the system, could, under the circumstances, be avoided, or, if these lines be left out, what amount the Atchison system would be able to earn without the auxiliary lines, the committee has arrived at the conclusion that it would not be safe to place upon the property a fixed charge of more than four per cent upon seventy-five per cent of the principal of the present general mortgage bonds."

The situation of holders of general mortgage bonds in a reorganization is exactly stated by the committee. The road cannot earn their interest. They cannot, in reason, refuse to consent to a reduction of their claim to fixed income. Suppose they should refuse, what can they do about it? The only alternative is to foreclose the mortgage. To do this they must raise enough cash to pay off all the prior liens, for their mortgage is spread over and is subordinate to a large number of claims superior to their own. This is practically impossible, so the only course is to submit or hold out for better terms. It is true that there is always the final resort to the courts, who may, at any time before the recording of the new securities, hold up the whole proceeding by injunction, and that will be done if it can be shown to the satisfaction of the court that any interest is being unjustly treated. Such interference, however, cannot, unless in cases of the most flagrant injustice, be secured by a minority. If a large majority of the bonds are deposited, the courts will usually refuse to interfere, holding that the

consent of the majority should be binding upon all. The contest over the Erie reorganization offers an illustration. A plan had been proposed which seemed unfair to the second mortgage bondholders. Nevertheless 80 per cent of these bonds had been deposited when a suit was brought in the New York Superior Court to enjoin the company from recording the mortgage. The court refused to grant the injunction on the ground that the consent of so large a majority of the parties in interest had made the plan already operative. The disturbance of first mortgage bonds was far more common in the early reorganizations, the reason being that their security at that time was much inferior to what it subsequently became. The first mortgage bonds of the Northern Pacific in 1876 were converted into preferred stock. The first mortgage bonds of the West Shore in 1885 were reduced in amount 50 per cent. The first mortgage consolidated bonds of the East Tennessee, Virginia & Georgia in 1885 were reduced 40 per cent. Arrangements even more unfavorable to bondholders were not uncommon in the early period, and indeed, generally speaking, the bondholders of weak roads must always make heavy concessions. For example, in 1873, the first mortgage bonds of the New York, Ontario & Western were converted into the common stock of the new company at par, and the second mortgage bondholders had to pay 20 per cent in cash for a similar privilege. In the reorganization of the Cincinnati, Wabash & Michigan, in 1880, the bonds received 70 per cent in stock. A method for dealing with bondholders, formerly in common use, was to require them to fund their interest in bonds of the same issue, or to convert it into inferior securities. In the reorganization of the Chesapeake & Ohio, in 1876, $15,000,000 of first mortgage bonds were issued in exchange for the bonds of the old company, with coupons payable for three years in preferred stock, and the second mortgage coupons were made payable for six years in preferred stock. The Erie reorganization plan of 1878

contained a similar provision. Absolute reductions of interest, without compensation in inferior securities, were also not uncommon. Witness the reduction of interest from 6 and 7 per cent to 5 per cent on the Eastern Division bonds. The position of the first mortgage bondholder, however, whether his security be a prior lien or consolidated mortgage, has steadily improved with the general increase in net earnings, and, as already remarked, in the later reorganizations he has been but slightly disturbed in comparison with the losses which he suffered in the period preceding 1893.

The reorganization committee, since they have no claim upon the first mortgage bonds, turn to the junior mortgages and the debenture and income bonds whose interest has not been fully earned. The former position of the junior bondholder was anomalous. He held a claim for a fixed rate of return which would not at all times be paid from the net earnings. This claim was nominally secured by property, but really by revenues—and a revenue inadequate to the payment of interest implies an impaired security. His bond, therefore, was no bond at all, because the distinguishing characteristic of a bond is the power which it gives to enforce its own payment by the sale of the property which secures it, and this it was not possible for the junior bondholder to do. He had, it may be, already discounted the greater risk of an inferior lien in the lower price paid for his bond, thus obtaining for 15 or 20 per cent less than the buyer of a first mortgage bond the same nominal claim to a fixed rate of return. As a matter of fact, the very discount at which the junior bonds were sold indicated that their interest was not fixed, but conditioned on earnings; in other words, that the bond was no bond at all, but rather a claim to a share in profits on practically the same basis as the stockholders. But, although a claimant upon profits, the junior bondholder acted as though his contract was in reality binding and his bond perfectly secured. As a result of his attitude one-third of the railway mileage of the United States has

been at one time in the hands of a receiver, thrown into actual bankruptcy, as though the junior bondholders were really able to enforce a full recognition of the claim upon properties which could not sell for the par value of the bonds outstanding against them. Then, when these bankrupt roads came to be reorganized, it was very soon found that something could not be made out of nothing, and the junior bondholders were obliged to accept the situation and reduce their claims to manageable limits. It has taken thirty years to drive this basal fact into the minds of investors—that a charge is not fixed when it is not at all times earned, and that when its earnings are insufficient to pay the interest on bonds the property can by no possibility sell for enough to pay their principal. The first step in the education of the bondholder was to give him income bonds in exchange for his second and third mortgage bonds, which were very common before 1880, but which have practically disappeared from the bond lists since that time.

It will be worth while to examine in some detail the terms and provisions of an income or debenture mortgage and to note the inconsistency which it involved. The form of an income mortgage contract was in general not different from other mortgages. The indenture was duly made out to a trustee to whom the railroad company acknowledged itself indebted in the sum of $1,000, which was to be paid at some distant date, place, time and manner of payment being carefully set down. Furthermore, the railroad company promises, I use the language of the Richmond & Danville debenture mortgage of 1883,

"as interest upon the principal of this bond, such sum, not exceeding 6 per cent per annum, as shall remain out of net earnings of the company in each year, after paying the interest upon all bonds secured upon existing liens upon its property, the rental of all property now leased by the said company and its operating expenses. In its operating expenses shall be included expenditures made for the repair, renewal and improvement of its existing property, as well as

for purchases or construction of additional property and equipment necessary for the proper conduct of its business. The amount of interest to be paid in each year shall be determined by the board of directors."

The powers and duties of the trustee in case of foreclosure were also gravely set down. "But if default shall be made in the payment of the principal of any of the said bonds at maturity, and such default shall continue, etc.,—or if default shall be made in the payment of interest upon any of the said bonds, when earned and declared in accordance with the terms and conditions of said bonds, and such default shall continue for the period of ninety days—after the same shall have been ordered by the board of directors of the said company to be paid, etc., then the said Central Trust Company of New York shall have the right, the written request of one-fourth in amount of said bonds—to enter upon and take possession of the railroad's property, etc." As a piece of unconscious humor, this can hardly be surpassed. Notice the general incongruity of the thing. To begin with, the so-called interest is in plain reality no interest at all, but merely a dividend to be declared by the board of directors after paying all such charges and making such repairs and improvements as they consider necessary for the welfare of the property. Observe the wording—"What remains shall go to the income bondholder." In short, he is the residual claimant. He receives profits and bears losses. He is, to every intent, a stockholder, except that he has no voting power, no share in choosing the board of directors who are to decide whether he shall get something or nothing. He is, to this extent, in a worse position than the stockholder who can exert some influence upon the policy of the road. Furthermore, his right of foreclosure is as flimsy as his claim to fixed income. If the board of directors shall declare that a certain sum is owing to income bondholders, if they shall order that sum to be paid, and then if, through some extraordinary

mishap, the money be not forthcoming, for it is to be presumed that the board would have the money in hand before they declared it payable—only in this improbable event, can the trustee of an income mortgage force the road into bankruptcy. The security of the income bondholder is the willingness of a board of directors which he has had no share in choosing, to pay over to him sums of money which they have a perfect right to expend on the improvement of the property, a task which is never completed. In other words, the security of the bondholder is no security at all. He has no means of compelling directors to pay him his interest, for the courts have repeatedly held that the determination of the amount of "net earnings" was the exclusive prerogative of the board of directors on the ground that they were the proper persons to decide how much should be spent upon the betterment of the road. It is not surprising, therefore, to find that out of twenty-nine series of income bonds listed on the New York Stock Exchange Investment Supplement in 1890, only six paid any interest, and that of these twenty-nine issues, aggregating $308,802,000, eighteen issues have since disappeared, while those which remain, with one or two exceptions, are confined to the investment roads, whose policy it has always been to live up to the spirit of the contracts and whose earnings have enabled them to maintain that policy.

After the second and third mortgage bonds had been converted into income bonds, thus relieving the roads of a large part of their fixed charges, the necessities of the railway manager created a new form of security which was equally untrustworthy, but which the magic of the word "bond" enabled him to sell in large amounts. This was the consolidated or "blanket" mortgage, spread over the swarm of prior liens who, under its friendly shelter, got to their own share the larger part of the income of the road. These general mortgages, in the splendor of their comprehensiveness, impressed the minds of the investing public,

and brought quite good prices—prices approaching those of prior lien bonds, to which, of course, in point of real security, they were vastly inferior. The consolidated mortgage came in after everything else had been paid, and the principle on which it was issued was the unfamiliar axiom that the whole is not equal to but greater than the sum of its parts. Here was a railway system formed by a consolidation of a number of railroad, terminal, and subsidiary companies of various kinds, each one being subject to mortgage liens up to the point of safety—liens whose amounts were graduated according to the degree of contribution by each part, to the general earnings of the whole. The road was, therefore, before the creation of the general mortgage, bonded up to the limit of absolute security, and in many cases, somewhat beyond it. Nevertheless, the imposing structure of a general mortgage, a "first mortgage," be it noted, that is to say, the first of its kind—was built upon a foundation which was ready to cave in and topple down the whole edifice at the first shudder of business depression. Almost every large failure of the period 1893–1896 involved one or more consolidated mortgages, and the defaults of 1884–1886 were also, in most cases, made upon this class of securities. These general mortgage bonds were claims upon profits, and not, in the real sense of the term, claims to fixed rates of return. In flush times, their interest could be paid. In periods of depression, the company must default on its consolidated mortgages, and, fearing foreclosure, go into the hands of a receiver until the real status of its various securities could be determined by a committee of reorganization. The consolidated mortgage bondholder, just as his predecessors of the second and third mortgages, had to be disillusionized and shown what was his real position. This has been done in the reorganizations of the last few years. Besides income bonds and consolidated mortgage bonds, there were the few important instances of default on first mortgages, and the more numerous cases of default on

branch lines to be dealt with by the reorganization committees of 1893–1896.

The principle adopted for dealing with this problem was as simple as it was satisfactory. The net earnings of the road were taken as the measure of fixed charges. The reorganization committee apportioned the net earnings among the various disturbed securities according to the amount that each was judged to have contributed to the net earnings. In so far as the interest on a bond had been earned, its absolute lien was retained. In so far as its interest had not been earned, it was reduced to its true position as a portion of the capital stock, an investment whose return is not guaranteed but is conditioned on the earnings of the system. The results of the apportionment are illustrated in the following tables, which show the basis of exchange of two of the most important among recent reorganizations, the Northern Pacific and the Norfolk & Western:

I. BASIS OF EXCHANGE OF THE SECURITIES OF THE NORTHERN PACIFIC RAILROAD IN THE REORGANIZATION OF 1896.

NAME OF SECURITY.	Cash. Per Cent.	New Prior Lien Mortgage Bonds. Per Cent.	New General Lien Mortgage Bonds. Per Cent.	Preferred Stock Trust Certificates. Per Cent.	Common Stock Trust Certificates. Per Cent.
General first mortgage bonds . .	3	135	. .	. .	. .
General second mortgage bonds .	4	118½	. .	50	. .
General third mortgage bonds . .	3	. .	118½	50	. .
Dividend certificates	3	. .	118	50	. .
Consolidated mortgage bonds . .	1½	. .	66½	62½	. .
Collateral trust notes	. .	100	. .	20	. .
Northwest equipment stock . . .	100	. .	. .	. .	. .
Depositors of preferred stock on payment of $10 per share . . .	. .	. .	. .	50	50
Depositors of common stock on payment of $15 per share . . .	. .	. .	. .	. .	100

II. BASIS OF EXCHANGE OF THE SECURITIES OF THE NORFOLK & WESTERN RAILWAY IN THE REORGANIZATION OF 1896.

NAME OF SECURITY.	Cash. Per Cent.	First Consolidated Mortgage Bonds. Per Cent.	Preferred Stock. Per Cent.	Common Stock. Per Cent.
Adjustment mortgage, 7 per cent bonds	7	130	20	. .
One hundred year mortgage bonds	. .	62½	75	. .
Maryland and Washington Division bonds	. .	70	67½	. .
Chester Valley Division bonds	. .	50	70	. .
Equipment mortgage bonds, 1888	. .	100	48	. .
Five hundred and ninety debentures of 1892	. .	. .	100	. .
Roanoke and Southern Railway bonds	. .	55	65	. .
Lynchburg and Durham Railway bonds	. .	35	65	. .
Norfolk and Western common	Assessment $12.50 per share	. .	. .	. .	75
Norfolk and Western preferred					112½
Roanoke and Southern Stock					75
Lynchburg and Durham Stock					75

It is not required to go deeply into the analysis of these self-explanatory tables. In brief, it may be said that in so far as the specific security of each bond had earned its fixed charges, to that extent it was exchanged for new mortgage bonds. In so far as its interest had not been earned, and in general for the huge mass of incomes and debentures, preferred stock was given usually to an amount greater than the par value of the securities which they displaced. This principle of apportionment is especially well illustrated in the Norfolk & Western reorganization. The bonds of four branch roads were disturbed. Of these, the Maryland & Washington and Roanoke & Southern had earned more than the other two, and the greater earning ability was recognized in a large proportion of preferred stock. The 100-year mortgage bonds also, whose interest had not been fully earned, were cut down 25 per cent, but 55 per cent in

first preferred stock was given in exchange, so that in the long run the bondholders were no losers, the preferred stock in 1898 having sold for 63⅞. In the same way, the consolidated mortgage of the Northern Pacific received 62½ per cent in new prior lien bonds and 62½ per cent in preferred stock. In 1895, before the reorganization, the consolidated bonds did not rise above 36, while in December, 1898, two years after the reorganization, the prior lien bonds sold for 103 and the preferred stock for 78. In exchange for a bond worth $360, the Northern Pacific bondholders received another bond worth $643, besides $780 in preferred stock.

The extent to which conversion of junior bonds into preferred stock has gone appears from the following table, which shows the amounts of preferred stock issued for various purposes by eight of the largest reorganizations since 1893.

Name of Road.	Amounts of Preferred Stock Issued.			
	For Old Bonds.	For Stock.	For Assessments.	Miscellaneous.
Atchison, Topeka and Santa Fe	$96,740,000	. . . . .	$13,717,000	$9,200,000
Erie . . . . . First preferred	27,146,000	$8,537,000	. . . .	2,854,000
Erie . . . . . Second preferred	7,271,000		. . . . .	192,000
Norfolk and Western	22,833,000	. . . . .	. . . . .	167,000
Northern Pacific	54,880,000	17,620,000	. . . . .	2,500,000
Oregon Railway and Navigation Company	9,290,000	. . . . .	1,440,000	270,000
Reading . . . First preferred	7,184,000	. . . . .	. . . . .	20,816,000
Reading . . . Second preferred	40,286,000	. . . . .	. . . . .	1,714,000
St. Louis and San Francisco First preferred	8,214,000	. . . . .	1,150,000	3,850,000
St. Louis and San Francisco Second preferred	8,214,000	. . . . .	. . . . .	7,786,000
Southern Railway	32,887,000	8,799,000	7,814,000	4,800,000
Totals	$314,945,000	$34,956,000	$24,121,000	$54,149,000

A share of preferred stock entitles its holder to receive a specified rate of return before any dividend is declared on the common stock. The exact wording of the contract is expressed in the contract of the Northern Pacific Railroad with its stockholders:

"Preferred stock is entitled to non-cumulative dividends to the extent of four per cent per annum, payable quarterly out of the net

earnings before any dividends for the year shall be declared on the common stock." If the preferred stock is made cumulative, as was formally not uncommon, the following provision was commonly inserted: " . . . and in case said dividends cannot be regularly earned and paid, as above stipulated, all arrears are to be paid as soon and as fast as the net income of the company will allow, and no dividend is to be made on the general stock of the company until all such arrears have been paid."

Such a provision amounts to a destruction of the common stock, which could have little value if all deficiencies in preferred dividends had to be made good at its expense. Accordingly, a more recent practice has favored non-cumulative provisions. It is not uncommon for the preferred and common stock to share equally in all dividends over and above the stipulated payments to the preferred.

It is also to be noted that the dividends on the preferred stock are payable out of "net earnings"—that is to say, after the expenses of operation, repair, betterment and interest on the funded debt have been paid. In other words, the fixed charge of a mortgage bond whose payment may be enforced by foreclosure, and the anomalous claim of the income bond which had been thoroughly discredited, were converted into a claim for return whose rate is conditioned upon the net earnings of the road. A fixed charge has been converted into a claim upon profits. In the exchange of these so-called "bonds," for stock in the reorganized company, the relation of the quondam creditors to the property is precisely defined, and the element of risk which he assumed when he purchased his consolidated or debenture bond finds expression in the language of the contract which sets forth his relation to the road. The position of the junior bondholder, considered from the standpoint of his own interest, has been vastly improved—whereas before, he was subject to great risk of default without an adequate remedy or protection. The income bondholder, in case of non-payment of his interest, had no recourse whatever, and the junior mortgage bondholder gained nothing by foreclosure. As a

preferred stockholder, however, he has the right to assist in directing the policy of the road, and he can blame only untoward circumstances if all does not go well with him. Moreover, there is the further inducement offered of a larger amount of preferred stock than the par of the bonds for which the preferred stock is given. If the bondholder is not satisfied with the arrangement, he has only to begin foreclosure proceedings to see how helpless is his position. There are but few cases on record, if we except such instances of attempted exploitation as that offered by the Texas Pacific in 1886, or the Wabash in the same year, where junior bondholders failed to see the advantages of the plan proposed as set forth by their representatives, and without delay deposit their securities.

The Voting Trust.

One more feature of recent reorganizations demands attention, and this is the securing of the control of the road for a term of years by a voting trust, elected by the bondholders or their representatives, the mortgage trustees, usually, indeed, by the latter. Thus the plan of reorganization of the Reading Railroad, issued 1895, contains the following provision:

"The stock shall be held by the voting trustees and their successors jointly . . . for five years and for such further period (if any) as shall elapse before the first preferred stock shall have received four per cent cash dividend per annum for two consecutive years, although the voting trustees may, at their discretion, deliver the stock at any earlier date. Until delivery of stock is made by the voting trustees, they shall issue certificates of beneficial interest entitling the registered holders to receive, at the time therein provided, the number of shares stated, and in the meanwhile to receive payments equal to the dividends collected by the voting trustees upon the number of shares therein stated, which shares, however, with the voting power thereon shall be vested in the voting trustees until the stock shall become deliverable."

As just remarked, the voting trustees are usually named by the mortgage trustees, in most cases by the banking firm which carries through the reorganization. In a few in-

stances, however, the bondholders themselves may elect the trustees. This practice has now practically disappeared, the difficulty of getting a vote from the scattered bondholders being too great.

The purpose of the voting trust is to secure to the bondholders or the representatives, the control of the reorganized property against the attempt of outsiders to get possession of the road by buying a majority of the low-priced stock. This practice was formerly common. Mr. Henry Villard in this way secured control of the North Pacific in 1880, and Mr. Jay Gould several times captured a railroad by this method. Such exploits were usually detrimental to bondholders, who may soon have another series of defaults to suffer and a large floating debt to take care of. It was to guard against the danger of wrecking that the voting trust was devised. The Erie Voting Trust of 1878 was among the first instances of this institution. In the recent reorganizations, it is an almost universal feature. Until the stock has been raised to an investment level, so that it will be purchased not for speculative manipulation, but for investment, until, in other words, the stockholder has an equal interest with the bondholder, in the conservative and economical operation of the property, the bondholders, to protect their own interest, very wisely retain control through a voting trust. There is no organized action of bondholders in the matter. The bonds are too widely scattered for that, but the holders are entirely willing that a banking house or trust company, of high repute, who are themselves large holders of railway bonds, should have the duty of safeguarding their security until all danger from outside manipulation has passed away. The stockholder is actually benefited by this control, which insures the highest efficiency in the management of the property, and the greatest certainty of continued prosperity for all holders of its securities.

The reorganization of American railways is a more noteworthy financial achievement than the payment of the

French indemnity or the refunding of the United States debt. It is noteworthy not merely in the amount of securities involved, but on account of the excellence of the principles which have guided its managers in their action. Its result has made railway bankruptcy a practical impossibility. Railway indebtedness is now well within the limit of railway earnings. The greatest of all financial interests has been placed on a firm and enduring foundation.

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POLITICAL AND MUNICIPAL LEGISLATION IN 1900.[1]

During the period covered by this review, October 1, 1899, to October 1, 1900, thirteen states held regular[2] and four held extra[3] sessions. Only six states have annual sessions[4] and all but eight of those having biennial sessions, hold them in odd years,[5] so that there is only about half as much state legislation in even as in odd years. The total number of acts and resolutions passed during this off year was 5,886, of which Virginia passed 1,485; New York, 777; Maryland, 758; Ohio, 636; Massachusetts, 594; New Jersey, 201; South Carolina, 181, and Kentucky, 40.

General vs. Special Legislation.—In the *Annual Summary and Index of State Legislation*, issued by the New York State Library, 1,469 of these 5,886 laws are summarized. The *Annual Summary* includes all general laws and a few special and temporary laws of general interest, so that it is safe to say that three-fourths of the laws passed were special. Of the 1,485 laws passed by Virginia only 152, or a little more than one-tenth, were general, while in New Jersey over four-fifths of the 201 laws passed were general. The difference is doubtless due to the restrictions on special legislation contained in the New Jersey constitution. In Virginia the only restriction on special legislation is the provision that the legislature may not grant divorces, change names, direct the

[1] For previous articles on "Political and Municipal Legislation" see ANNALS for May, 1896 (Vol. VII, pp. 411-425); for March, 1897 (Vol. IX, pp. 231-245); for March, 1898 (Vol. XI, pp. 114-190); for March, 1899 (Vol. XIII, pp. 212-229), and for March, 1900 (Vol. XV, pp. 16-26).

[2] Georgia, Iowa, Kentucky, Louisiana, Maryland, Massachusetts, Mississippi, New Jersey, New York, Ohio, Rhode Island, South Carolina and Virginia.

[3] California, Michigan, North Carolina and Texas.

[4] Georgia, Massachusetts, New Jersey, New York, Rhode Island and South Carolina.

[5] Vermont, which holds its regular session in October of even years, does not come within the period covered by this review.

sale of estates of persons under legal disability, or grant relief in any other case where courts or other tribunals have jurisdiction.[1] Until 1875 the New Jersey constitution merely prohibited the granting of divorces and the sale of land of persons under legal disability by special act, but in that year an amendment was adopted restricting special legislation within narrow limits.[2] This amendment provides that no general law shall embrace any provision of a special character, that no special bill shall be passed unless public notice of intention to apply for it has been previously given, and that special acts shall not be passed bearing on any of the following matters:

Laying out, opening, altering and working roads or highways.

Vacating any road, town-plot, street, alley or public grounds.

Regulating the internal affairs of towns and counties; appointing local officers or commissions to regulate municipal affairs.

Selecting, drawing, summoning or empaneling grand or petit jurors.

Creating, increasing or decreasing the percentage or allowance of public officers during the term for which said officers were elected or appointed.

Changing the law of descent.

Granting to any corporation, association or individual any exclusive privilege, immunity or franchise whatever.

Granting to any corporation, association or individual the right to lay down railroad tracks.

Providing for changes of venue in civil or criminal cases.

Providing for the management and support of free public schools.

The legislature shall pass general laws providing for the cases enumerated in this paragraph, and for all other cases which, in its judgment, may be provided for by general laws. The legislature shall pass no special act conferring corporate powers, but they shall pass general laws under which corporations may be organized and corporate powers of every nature obtained, subject, nevertheless, to repeal or alteration at the will of the legislature.

The effect of these restrictions is very strikingly shown by a comparison of the number and kind of acts passed by the New Jersey legislature during the three-year period

[1] Virginia Constitution, 1869, art. 3, § 20.

[2] New Jersey Constitution, 1844, art. 4, § 7.

1872–1874, preceding the adoption of the amendment, and the period 1876–1878, after its adoption. During the first period the average number of acts passed was 624, of which 111 were classified in the volume of session laws as general and 513 as special. For the second period the average number of acts was 219, of which 188 were classified as general and thirty-one as special. The adoption of the amendment seems, therefore, to have reduced the total volume of legislation 65 per cent, and the number of special acts 94 per cent, and to have increased the number of general acts 70 per cent.

Virginia voted in May to hold a constitutional convention. It will be interesting to see whether the convention, in drafting a new constitution, will follow the now almost universal practice of restricting special legislation.

Florida adopted a constitutional amendment in November prohibiting the creation of corporations, except universities and ship canals by special act. Of the 242 acts and resolutions passed by Florida in 1899, twenty-five were special acts relating to corporations. The amendment should, therefore, diminish the present volume of legislation about 10 per cent.

The Mississippi legislature has exercised a certain degree of self-control in the matter of special legislation by authorizing the auditor and land commissioner to settle claims for taxes erroneously paid, correct errors in land descriptions, cancel patents to lands in certain cases and make rebates.

In New York a constitutional amendment was proposed by the legislature of 1899 but not repassed by the legislature of 1900 prohibiting the passage of a special or private bill granting exemption from taxation.[1] The need of further constitutional restrictions or of the exercise of legislative self-control in the matter of special legislation in New York is very great. During the period 1894–1899 there was an annual average of 589 special to 243 general acts passed.

[1] N. Y., 1899, p. 1605.

There was an average of 183 special city, fifty-three special village, twenty-six special town and twenty-nine special county acts, making in all 291 special acts dealing with local governmental organization. November 3, 1874, a number of constitutional amendments restricting special legislation were adopted and while they reduced the annual output of legislation about one-half, the natural increase in special legislation in lines not touched on in the amendments, has, in the course of a quarter century, brought up the annual average to a point only about 10 per cent below that prevailing previous to the adoption of the amendments. For the three years 1871–1873 there was an annual average of 904 acts and for the years 1876–1878 an average of but 447, while for the past seven years the average has been 832.

By the passage of a few general laws the annual output of legislation in New York might be greatly reduced. Each year an average of twenty-seven amendments to the fish and game laws are passed, seventeen of which apply to but one or two counties. A general law conferring on county boards of supervisors power to pass fish and game regulations, subject to the approval of the state commissioners of fisheries, game and forests, would considerably relieve the legislature. Moreover, many of the details now prescribed by the fish and game laws might well be left to regulations of the state board. The state board of railroad commissioners now exercises an extensive quasi-judicial authority that obviates the necessity for numerous special acts, and this method of control could be profitably extended to a number of other fields.

The effect of the prohibition of special city legislation on the volume of legislation has been shown by the experience of Wisconsin. In November, 1892, a constitutional amendment was adopted prohibiting the incorporation of a city or the amendment of its charter by special act. As a result of this amendment the total number of laws passed has been reduced more than one-quarter and the number of pages of

law more than one-half. During the six years 1886–91 there was an annual average of 266 laws, covering 993 pages, while for the period 1893–98 there was an annual average of 191 laws, covering 412 pages.

In this connection the experience of Illinois is also instructive. It is a great state with varied interests, and, like New York, has had to deal with the problem of a big and rapidly growing city. It has a general law for the incorporation of all cities, most of the provisions of which apply to all alike. Instead of going into great detail the law merely prescribes the general organization and gives to the city council power to adapt the more detailed organization to the changing needs of the city.

With an annual average of 183 special city acts the suspensive veto over such acts given to the mayor of cities of the first class and to the mayor and council of other cities by the constitution of 1894, seems to have proven totally inadequate to cope with the evil.

Annual Sessions.—Rhode Island has been holding two sessions of its legislature yearly, an annnal session being held at Newport beginning on the last Tuesday in May, and an adjourned session at Providence beginning in January. The January session held at Providence has usually lasted into May, after which the Newport session, beginning the last Tuesday in May, has usually lasted till the latter part of June. A constitutional amendment was adopted at the November election providing for a single annual session at Providence beginning on the first Tuesday in January.[1]

Statutory Revision.—In 1889 New York created a statutory revision commission to revise certain of the general statutes of the state. It was supposed that the commission would complete its task in two or three years at most, but the work of revision has been continued from year to year and is still unfinished. The scope of the undertaking was soon broadened to cover the entire field of statutory law. A

[1] R. I., 1900, j. r. 1.

number of the revision bills prepared by the commission have not been acted on by the legislature, partly owing to the fact that a great deal of new law is contained in them and the legislature is unwilling to accept them without careful examination. Much dissatisfaction having arisen with the slow progress of the work and with the proposed method of revising the code of civil procedure, the commission was abolished[1] and the question of revision referred to a joint committee. The committee is making a careful examination of the subject and will report to the legislature of 1901.

In 1896 South Carolina created the office of code commissioner.[2] The commissioner is elected by the legislature for ten years and must prepare a complete revision of the general statutes and the code of civil procedure in 1901 and every ten years thereafter. He receives a salary of $400 a year.

During 1900 official compilations of statutes were issued by Missouri, Nevada, North Dakota, West Virginia and Wyoming and unofficial compilations were issued for Illinois, Kansas and North Carolina.

Drafting of Bills.—In 1893 it was made the duty of the New York Statutory Revision Commission, just referred to, "on request of either house of the legislature, or of any committee, member or officer thereof, to draft or revise bills, to render opinions as to the constitutionality, consistency or other legal effect of proposed legislation, and to report by bill such measures as they deem expedient."[3] The services of the commission have been made use of to a very considerable extent in the drafting of bills. For the session of 1899 the commission reports that it prepared about five hundred bills at the request of members of the legislature, besides examining and rewriting a large number originally prepared elsewhere. With the abolition of the commission

[1] N. Y., 1900, ch. 664.
[2] S. C., 1896, ch. 1.
[3] N. Y., 1893, ch. 24, § 2.

during the past year there is as yet no statutory provision for the performance of this most important and useful work, but it is understood that three of the assistants on the former commission will be retained by the legislature of 1901 to continue it. For the drafting of bills special technical knowledge, that can only be acquired by much practice, is essential. Each bill must be adjusted to an existing intricate system, and its object must be expressed concisely, clearly and with legal precision. It is, moreover, highly important, for clearness and ease of construction, that all acts passed should be alike as to form. Great Britain and many of the British colonies and provinces have official draftsmen, who draft most of the bills at the request of members.

Besides New York, South Carolina is the only state in the Union that has provided any similar authority. In the latter state at the session of 1868, immediately after the adoption of a new constitution, an act was passed requiring the attorney-general, when requested by either branch of the general assembly, to attend during their sessions and give his aid and advice in the arrangement and preparation of legislative documents and business.[1] In 1880 the attorney-general was authorized to require the assistance during legislative sessions of the state solicitors in the eight judicial districts of the state.[2] They must, under the direction of the attorney-general, supervise the engrossing and enrolling of bills passed and assist the attorney-general in the drafting of bills, and in other work connected with the session. They receive the same *per diem* as do members of the legislature. In 1900 Massachusetts provided that the attorney-general shall, on request, give advice to legislative committees as to the legal effect of proposed measures.[3]

Uniform Legislation.—In 1890 New York created a uniform legislation commission, and at present similar commis-

[1] S. C., Statutes at Large, V. 14, No. 2.
[2] *Id.*, *V.* 17, No. 249.
[3] Mass., 1900, ch. 373.

sions exist in thirty-two states and territories. In 1896 the national conference of state commissioners on uniform legislation recommended for adoption by the various states a general act relating to negotiable instruments. This act has now been adopted by fifteen states[1] and the District of Columbia, but none of these were added to the list in 1900.

The national conference, held at Saratoga Springs in August, 1900, recommended the adoption by the various states of a uniform law relative to divorce procedure. The proposed law provides that no divorce shall be granted for any cause, arising prior to the residence of the complainant or defendant in the state, which was not a ground for divorce in the state where the cause arose; that no person shall be entitled to a divorce for any cause arising in the state, who has not been an actual resident of the state for one year, or for any cause arising out of the state unless the complainant or defendant has resided in the state for two years. Service of notice on defendant is provided for with special care. No divorce is to be granted solely on default, or solely on admissions by the pleadings, or except on hearing before the court in open session. After divorce either party may marry again, but in cases where notice has been given by publication only and the defendant has not appeared, no decree for divorce becomes final till six months after the decision. The purpose of the proposed law is first, to do away with migratory divorces; second, to prevent the granting of speedy decrees against absent defendants who may be ignorant of any suit pending; and third, to do away with the interstate confusion arising from some few states forbidding re-marriage while a great majority of the states permit it.

Lobbying—Massachusetts, Wisconsin and Maryland have attempted to secure publicity relative to lobbying. The Massachusetts act, after which the acts of the other two

[1] Colorado, Connecticut, Florida, Maryland, Massachusetts, New York, North Carolina, North Dakota, Oregon, Rhode Island, Tennessee, Utah, Viginia, Washington, Wisconsin.

states are closely modeled, was passed in 1890 and amended in 1891, 1895 and 1896.[1] The following is a summary of the original act:

Every person, private or public corporation or association employing any person to promote or oppose directly or indirectly the passage of any legislation, shall cause the name of the person so employed to be entered on a legislative docket. Two such dockets must be kept by the sergeant-at-arms, one for legislative counsel and the other for legislative agents. In the docket for legislative counsel must be entered the names of counsel employed to appear at a public hearing before a committee, and any regular legal counsel of corporations or associations who act or advise in relation to legislation. In the docket for legislative agents must be entered the names of all other agents employed in connection with any legislation. In these dockets must also be entered the names of all employers of counsel or agents, the date of employment, the length of time that it is to continue and the special subject or subjects of legislation to which the employment relates. No person may be employed as a legislative counsel or agent for a compensation dependent in any manner on the passage or defeat of any proposed legislation or on any other contingency connected with the acts of the legislature. Within thirty days of the closing of the session every person, private or public corporation or association whose name appears on the legislative dockets as employing legislative counsel or agents, must render to the secretary of the commonwealth a complete and detailed sworn statement of all expense incurred in connection with the employment of legislative counsel or agents, or in connection with promoting or opposing legislation in any manner. Such reports when filed are open to public inspection. Violation of any provision of the act is punished by a fine of from $100 to $1,000. The employment by a city or town of its solicitor to represent it before the legislature or any of

[1] Mass., 1890, ch. 456; 1891, ch. 223; 1895, ch. 410; 1896, ch. 342.

its committees, is expressly exempted from the provisions of the act. The act was amended in 1895 and 1896 so as to require counsel and agents to file a written authorization from the person or corporation by whom they are employed.

The Wisconsin act was passed in 1899.[1] It applies to persons, corporations or associations, and specially exempts municipalities and other public corporations. With this exception the act substantially follows that of Massachusetts. The Maryland act was passed in 1900 and like that of Wisconsin follows very closely that of Massachusetts.[2] It however contains an entirely new clause providing that the governor, whenever any bill is presented for his approval and he has reason to believe that in connection with its passage improper expenses have been incurred, may require any or all legislative counsel and agents and their employers to render a complete and detailed sworn statement of all expenses incurred.

In 1897 Tennessee passed an act declaring lobbying a felony and defining it as personal solicitation of any kind not addressed solely to the judgment.[3] In the same year West Virginia prohibited lobbying on the floor of either house while the legislature is in session.[4]

Constitutions.—New Hampshire and Virginia have voted to hold constitutional conventions. The present constitution of New Hampshire was adopted in 1792 and has since been amended but three times. In 1851 a constitutional convention proposed three amendments, one of which was accepted by the people; the convention of 1876 proposed thirteen amendments, all but two of which were adopted; the last convention held in 1889 proposed seven amendments, five of which were adopted. In Virginia an extra session of the legislature convened January 23, 1901, to provide for elect-

[1] Wis., 1899, ch. 243.
[2] Md., 1900, ch. 328.
[3] Tenn., 1897, ch. 117.
[4] W. Va., 1897, ch. 14.

ing delegates to the convention. The present constitution was adopted in 1869.

Suffrage.—The constitutional amendment submitted to vote in North Carolina to disfranchise the illiterate negro, was adopted and goes into effect in July, 1902.[1] The proposed plan is similar to that adopted by Louisiana in 1898,[2] and makes ability to read and write a section of the constitution a qualification for voting. This provision applies to whites and blacks alike, but there is a proviso that it shall not apply to any person entitled to vote in any state prior to January 1, 1867, or to the lineal descendant of such person who registers before January 1, 1908. It is, in effect, an ingenious device to disfranchise illiterate negroes without also disfranchising illiterate whites and still keep within the letter of the fifteenth amendment, providing that the right to vote shall not be denied on account of race, color or previous condition of servitude.

Mississippi adopted an educational qualification in 1890, which went into effect January 1, 1892, and the South Carolina convention in 1897 adopted an alternative educational or property qualification, which went into effect January 1, 1898. Florida, Georgia and Alabama are the only states remaining in the black belt of the South that have not restricted the franchise by constitutional provision, and Florida has accomplished practically the same result through a peculiar method of voting.

In June, 1900, Oregon rejected a woman suffrage amendment to the constitution by a vote of 28,402 to 26,265. Woman suffrage exists in four states, Wyoming, Idaho, Utah and Colorado.

Primaries.—California adopted a constitutional amendment in November giving the legislature full power to regulate primaries.[3] It may prescribe special qualifications for voting at primary elections or delegate this power to

[1] N. C., 1900, ch. 2.
[2] La. Const., 1898, art. 197.
[3] Cal., 1899, j. r. 35.

the political parties, and it may pass primary laws applying only to political divisions having a certain designated population. The amendment was submitted because of a supreme court decision declaring unconstitutional the primary law of 1897, on account of the provision prescribing the qualifications for voting.[1] The Legislature of 1899 that submitted the amendment also passed a new primary law.[2] Under this act primary elections are conducted by officers appointed by the local election commissioners and are held at the same time and place for all parties casting 3 per cent of the vote. An official ballot with party columns and blank spaces to be filled in with names of delegates preferred is provided, and the expense of the primaries is a public charge. The Louisiana legislature has adopted a law that shows none of the recent tendency toward state control.[3] It provides simply for the regulation of primaries by party committees, subject to simple requirements as to notice, officers, etc.

Voting Machines.—The voting machine is gradually winning its way into public favor. It was used with great satisfaction in many New York cities at the November presidential election. With the voting machine returns can be announced in a remarkably short time, and the opportunity for manipulation and fraud is much reduced. It secures a secret ballot in all cases and can be operated without assistance, even by an illiterate. Ingenious methods have been devised to violate the secrecy of the Australian ballot, but it seems that the voting machine is proof against all such schemes. With it the only way to bribe, and be sure that value is received, is to bribe to stay away from the polls, and this form of bribery can be abolished by compulsory voting.

The first state law authorizing the use of automatic machines was passed by New York in 1892, allowing towns to use the Myers automatic ballot cabinet at elections of town

[1] Spier *v.* Baker, 52 P. 659.
[2] Cal., 1899. ch. 32, 46, 48, 52.
[3] La., 1900, ch. 133.

officers.[1] In 1893 Michigan[2] and Massachusetts[3] permitted the use of voting machines at local elections, and in 1894 New York[4] authorized their use at all elections. Michigan[5] passed a similar law in 1895, Massachusetts[6] in 1896, Minnesota[7] in 1897, Ohio[8] in 1898 and Indiana[9] and Nebraska[10] in 1899. During the past year Rhode Island has created a voting machine commission, to examine machines and make regulations for their use by cities and towns.[11] Machines are to be bought by the secretary of state at not exceeding $250 each and furnished to cities and towns on application, and for this $15,000 is appropriated. In Iowa the use of voting machines has been authorized at all elections and a commission to examine voting machines created.[12] In 1895 Connecticut authorized the use of McTammany and Myers machines at local elections.[13] The first permanent state voting machine commission was established in New York in 1897.[14] Massachusetts[15] and Ohio[16] followed in 1898.

Corrupt Practices.—Kentucky has made it unlawful for corporations to contribute to campaign funds.[17] Similar laws were passed by Florida,[18] Missouri,[19] Nebraska[20] and Tennessee[21] in 1897.

[1] N. Y., 1892, ch. 15.
[2] Mich., 1893, ch. 98.
[3] Mass., 1893, ch. 465.
[4] N. Y., 1894, ch. 764, 765.
[5] Mich., 1895, ch. 76.
[6] Mass., 1896, ch. 489.
[7] Minn., 1897, ch. 296.
[8] O., 1898, p. 277.
[9] Ind., 1899, ch. 155.
[10] Neb. 1899, ch. 28.
[11] R. I., 1900, ch. 744, 794.
[12] Ia., 1900, ch. 37.
[13] Ct., 1895, ch. 263, 333.
[14] N. Y., 1897, ch. 450.
[15] Mass., 1898, ch. 378, 548.
[16] O., 1898, p. 277.
[17] Ky., 1900, ch. 12.
[18] Fla., 1897, ch. 24.
[19] Mo., 1897, p. 108.
[20] Neb., 1897, ch. 19.
[21] Tenn., 1897, ch. 18.

Civil Service Reform.—The revised charter of New Orleans, adopted in 1896, contained stringent provisions for the adoption of the merit system. It provided for the appointment, by the mayor, with the consent of the council, of a board of three civil service commissioners for terms of twelve years. The salary of the commissioners was fixed at $3,000, and no person was eligible for appointment who had been a candidate for or who had held any municipal office within four years, and no member of the commission could, during his term of office, be a candidate for or hold any state, national or local office, nor be a member of any municipal political committee or convention, nor be eligible for any state office within four years of the expiration of his term of office. The mayor could remove any commissioner for misconduct on rendering a statement of the cause to the council. The names of persons passing examinations were to be certified in order of their relative excellence as determined by examination, without reference to priority of time of examination. No officer or employee in the classified service could be removed except for cause on written charges and after hearing, the charges to be investigated by the board of civil service commissioners or by some officer or board appointed by the commission, but any officer could suspend a subordinate for a period not exceeding thirty days.

The stringent provisions of this law are all nullified by that of 1900. This act reorganizes the board so that it shall consist of the mayor, treasurer, comptroller and two members appointed by the mayor who shall hold office during the term of the mayor. All candidates securing an average of 70 per cent on examination are eligible to appointment. The appointment is on probation for six months, and after that time entitles the appointee to hold the position until the expiration of the term of office of the appointing officer. The board is required to hold an examination within thirty days after the opening of each new municipal administration. In every such general examination all persons, either

holding or desiring to hold positions in the classified civil service, are obliged to participate. A long list of officers and employees is exempted from the provisions of the act. All lists of candidates eligible for appointment prepared by the former board are rendered void and all offices and positions subject to the provisions of the act are vacated. The act can scarcely be considered an application of the merit system as it seems especially designed to secure a clean sweep with each new administration.

Municipal Government.—A joint legislative committee has been appointed in Iowa to revise and codify special assessment laws and such other municipal laws as it may deem necessary.[1] In New York the Governor appointed a commission of fifteen persons to revise the charter of New York city,[2] and its report has been recently submitted to the legislature. The bill prepared by the Ohio municipal code commission, appointed in 1898, and which was submitted to the legislature of 1900, failed to pass.

Municipal Monopolies.—The law of New Mexico of 1897, vesting cities and towns with power to regulate the price of gas, electric light and water, has been declared unconstitutional by the state supreme court, on the ground that the Legislature cannot delegate such power to consumers without providing for a judicial investigation of the reasonableness of the rates established.[3] Iowa has authorized cities and towns to establish heating plants, assess taxes for them and fix regulations for corporations or individuals supplying heat.[4] Louisiana has authorized municipalities to expropriate private gas and electric light plants,[5] and Texas has made it unlawful for cities and towns to lease or sell water systems except by vote of the electors.[6]

[1] Ia., 1900, ch. 176.
[2] N. Y., 1900, ch. 465.
[3] N. M., 1897, ch. 57, Agua Pura Co. *v.* Las Vegas, 60 P. 208.
[4] Ia., 1900, ch. 19.
[5] La., 1900, ch. 111.
[6] Tex., 1900, ch. 6.

Counties.—New Jersey has adopted an act for the reorganization of the government of counties of 150,000.[1] The act provides for a county supervisor and board of chosen freeholders, elected by the people. The county supervisor is the chief executive officer and may recommend to the board of chosen freeholders such measures as he deems necessary. It is his duty to see that the laws and ordinances of the county are enforced, to exercise constant supervision over the conduct of all subordinate officers, to examine into all complaints against them for violation or neglect of duty, and if any officer be found guilty of charges brought against him he may be suspended or removed by the county supervisor. The ordinances and resolutions of the board of chosen freeholders are presented to the county supervisor for approval, and if he disapproves, a two-thirds vote is necessary for passage. The board of chosen freeholders appoints a county physician, engineer, warden of penitentiary, warden of county jail, superintendent of almshouse, superintendent of each hospital, penitentiary physician, jail physicians and physicians for each hospital, and such other officers and agents for the transaction of county business as may be determined by resolution of the board. Members of the board receive a salary of $500 and the county supervisor a salary of $2,500.

In Ohio a state commission on fees of county officials has been established, consisting of the secretary of state, auditor and attorney general. It is required to prepare schedules of legal fees, and to report biennially to the legislature.[2]

ROBERT H. WHITTEN.

New York State Library, Albany, N. Y.

[1] N. J., 1900, ch. 89.
[2] O., 1900, p. 40.

FRATERNAL INSURANCE IN THE UNITED STATES.[1]

There are in the neighborhood of six hundred fraternal beneficiary societies in the United States, with an aggregate membership of about five millions. Approximately one-half of these societies maintain systems of benefits which are chiefly remedial, and which cannot properly be characterized as systems of insurance. During the year 1899, one of the largest orders providing this kind of benefits expended $3,119,125.47 in relief work. Yet the organization in question is not a fraternal "insurance" society. It simply does relief work on a grand scale.

Very different in nature are the benefit systems and protective features of the other half of the fraternal system. The societies of this class may engage in relief work similar to that of the other class, but they attempt more and something fundamentally different. They bind themselves by contract to pay a certain sum of money as "relief," "benefit," or "protection," on the occurrence of certain events; such as sickness, disability, death, etc. The important consideration in these cases is the fact that a specific sum of money is to be paid to some beneficiary as soon as certain designated contingencies have arisen. This sum of money is named in the "certificate," together with the name of the beneficiary, the amount of his periodical "contributions," etc. In view of the fact that so many persons connected with fraternal societies object to the use of "old line" terms, it may be well to explain that the writer selected the title of this paper, "*Fraternal Insurance*," after some deliberation. It is his intention to confine this discussion to what

[1] The writer discusses the social functions of Fraternal Beneficiary Societies in a volume edited and published by the Committee of Fifty, entitled "Social Substitutes for the Saloon." He also treats of the general features of the fraternal system in an article published in the *American Journal of Sociology*, for March, 1901.

is expressed in the title ; namely, to *insurance* carried on by *fraternal* societies. Here one is at once met by the objection that fraternal societies, as a class, do not engage in insurance business, and that they are far removed from the material motives of "speculative" insurance companies. The answer to these objections is apparent: Any organization which guarantees the payment of a definite sum of money, under certain circumstances, dependent upon the contingencies of human life, in return for certain contributions, does an *insurance* business. We may call the document relating to this arrangement a "certificate;" the payments made periodically "contributions," "fees," "dues," etc.; the final payment, on the occurrence of the specified contingencies, "benefits;" the whole is nevertheless an *insurance contract*, pure and simple, and the society issuing such a certificate is doing an insurance business, subject to all the laws and principles applicable to insurance in general. This last proposition, long accepted by a few fraternal societies and ignored or bitterly contested by many others, deserves especial emphasis.

The dual nature of fraternal societies has probably been partly responsible for the perpetuation of the fallacy that *insurance* is one thing and that *fraternal insurance* is another and a different thing. The fraternal societies falling within the scope of this essay—one-half of the total number—are *both* fraternities and insurance companies, the fraternal element sometimes overshadowing the beneficiary features, or *vice versa*. It is probable that the cohesive power of numerous societies doing an insurance business would fail were not the fraternal features so potent. In the preservation and extension of the field which the fraternal element has gained, and in the thorough reformation of defective "benefit systems" must lie the future development of the entire fraternal system.

Evidence to show the existence of defective schemes of fraternal insurance is not far to seek. In a circular issued

by one fraternal society the position is maintained that mortality experience cannot be reduced to law! Another attempts to prove that the addition of new members will always keep the average age of the entire membership down to a certain level, and that with additional effort the same can permanently be reduced. How to do this—to follow the argument to its logical conclusion—without ultimately including the population of the world, and then making the populated globe larger, the author does not explain. Still another asserts that "the death of some members soon after joining the order does not weaken the association. The first death in the order is a case in point. Our deceased friend held a $3,000 contract and had paid only one assessment of $3. The amount placed in the reserve fund by reason of his death was, therefore, $897. This was loaned at 5 per cent, and brings in $44.85 per year. If he had lived, the most he could have paid in twelve assessments would have been $36 a year. Yet the sum that his death added to the reserve fund is earning more than that, and in time will make good the amount paid to his beneficiaries." In spite of such gross fallacies this society is "gaining members rapidly" in one of our greatest commonwealths.

It would be a thankless task to rehearse the long tale of failures among fraternal societies. Besides, old line companies and other departments of the mercantile world have had their epidemics of financial ruin. Yet, excepting paper money crazes, history probably affords no parallel to the blind and persistent adhesion which so many people in all parts of the United States have shown to hopelessly unsound schemes of fraternal insurance. An examination of many such schemes leaves upon one the impression that their promoters thought of certain sums of money to be paid as benefits under certain conditions on the one hand; and of certain contributions which it might be convenient to make, on the other; without apparently reflecting upon a possible causal connection between the two. The history of such

organizations is quite generally the same. A rapid increase in membership, possibly also a simultaneous reduction in the average age; a gradual increase in the death rate, accompanied by increasing difficulty in securing new members; an increase in assessments or rates and loss of members, or an attempt to slide along without raising assessments; and finally, financial failure. That some fraternal societies are thoroughly sound, financially, and that others have successfully advanced rates and maintained the integrity of their organizations does not affect this general statement. On the other hand, the very fact that an increase in contributions was found necessary in various societies is *prima facie* evidence that the original scheme was financially unsound.

A late and important failure illustrates this. "At the time of organization no attention was paid to mortality tables. As the members began to grow old and the dues increased it was found that the assessments had been fixed too low to meet the obligations. At various times since the institution of the order it has been found necessary to increase the assessments, but old members agreed to pay the increase because they had reached an age when insurance in a regular life company could no longer be obtained. Another inducement for continuing in spite of the larger assessments was the fact that they had so much money invested in the organization that they felt they could not afford to lose it."

The two following tables further illustrate the same type of organizations. The first column in each table gives the total membership and the second records the number of deaths per 1,000, during successive years:

I.	II.
62,457—12.5	126,128—13.7.
62,574—13.0	131,031—13.2.
61,355—15.4	135,368—14.8.
60,554—16.4	132,674—16.1.
60,076—16.5	127,073—16.1.

I.	II.
56,060—16.1	123,380—16.4.
53,210—18.4	119.785—16.6.
36,028—21.8	115,212—17.7.
21,316—26.8	96,633—19.0.
19,119—30.1	89,679—22.3.
16,894—33.9	82,256—22.2.

The Proceedings of the National Fraternal Congress for 1899 contain the following statistics compiled by one of the representatives. The numbers indicate the rates paid for the same kind of insurance, at the same age, in different societies:

At age 30: 25c., 35c., 37½c., 44c., 45c., 46c., 50c., 55c., 56c., 60c., 62c., 64c., 65c., 69c., 70c., 80c., 82c., 84c., 85c., 90c., 92c., $1.00, $1.04, $1.10, $1.11, $1.14, $1.16, $1.19, $1.21, $1.22, $1.40.

At age 50: 65c., 75c., 80c., 85c., 90c., $1.00, $1.10, $1.16, $1.20, $1.25, $1.33, $1.38, $1.40, $1.42, $1.45, $1.50, $1.53, $1.55, $1.58, $1.60, $1.65, $1.72, $1.78, $1.80, $1.85, $1.86, $1.90, $1.96, $2.00, $2.07, $2.08, $2.15, $2.35, $2.45, $2.52, $2.56, $2.86, $2.90, $3.00, $3.30, $3.80.

Still more elaborate comparisons are made in the subjoined table, exhibiting, except in columns 1, 11 and 12, level annual rates for $1,000 of whole life insurance. Column 1 gives ages. Column 2 gives the net annual level premiums based upon the American Experience Table, with 4 per cent interest. Since *net* premiums provide for the so-called reserve and mortality elements only, but not for the loading or expense element, the premium actually collected, gross or office premium, must be considerably in excess of what is indicated in this column. The assumed rate of interest is perhaps too high for a time when a number of leading companies are going over to a 3 per cent basis. This would necessitate another addition to the net premium, for the lower the assumed rate of interest, the higher must the premium be. Column 3 contains the net annual level rate per $1,000 of

whole life insurance, adopted and recommended by the National Fraternal Congress. Columns 4, 5, 6, 7, 8 and 9 show the rates collected by as many different fraternal societies for $1,000 of whole life insurance.

Comparative Exhibit of Fraternal and American Experience Tables.

Age.	Level Annual of Insurance.				Premiums for $1,000.					Probability of Dying.	
1.	2.‡	3.‡	4.	5.*	6.	7.	8.*	9.*	10.†	11.	12.
21	12.95	10.62	7.08	4.80	4.80	9.60	8.40	7.56	14.72	.007855	.005035
22	13.24	10.92	7.32	"	"	10.40	"	7.68	15.04	.007906	.005071
23	13.54	11.24	7.68	"	"	"	"	7.80	15.38	.007958	.005107
24	13.87	11.57	7.92	"	"	"	"	7.92	15.74	.008011	.005153
25	14.21	11.92	8.16	"	"	"	"	8.04	16.11	.008065	.005201
26	14.57	12.28	8.40	"	"	"	"	8.16	16.51	.008130	.005259
27	14.95	12.67	8.76	"	"	"	"	8.40	16.92	.008197	.005318
28	15.35	13.08	9.00	"	"	11.20	"	8.64	17.35	.008264	.005388
29	15.77	13.51	9.36	5.40	5.40	"	"	8.88	17.81	.008345	.005469
30	16.21	13.96	9.72	"	"	"	10.08	9.02	18.28	.008427	.005552
31	16.68	14.43	10.08	"	"	"	"	9.26	18.79	.008510	.005647
32	17.18	14.94	10.56	"	"	12.00	"	9.50	19.32	.008607	.005753
33	17.70	15.47	11.04	"	"	"	"	9.74	19.87	.008718	.005872
34	18.25	16.03	11.40	"	6.00	"	"	9.98	20.46	.008831	.006004
35	18.84	16.62	11.76	"	"	12.80	"	10.22	21.08	.008946	.006149
36	19.46	17.24	12.24	"	"	"	"	10.46	21.74	.009089	.006307
37	20.12	17.90	12.72	"	"	"	12.00	10.70	22.43	.009234	.006490
38	20.82	18.60	13.08	6.00	"	"	"	11.06	23.16	.009408	.006698
39	21.57	19.34	13.80	"	6.60	13.60	"	11.42	23.93	.009586	.006921
40	22.35	20.11	14.40	"	"	"	"	12.00	24.75	.009794	.007171
41	23.19	20.93	15.12	"	"	14.40	"	13.20	25.62	.010008	.007448
42	24.08	21.80	15.84	6.60	7.20	"	"	14.40	26.54	.010252	.007766
43	25.03	22.72	16.56	"	"	15.20	"	15.60	27.52	.010517	.008118
44	26.04	23.69	17.28	"	"	"	14.40	16.80	28.56	.010829	.008481
45	27.12	24.72	18.12	"	7.80	"	"	17.00	29.67	.011163	.008867
46	28.27	25.81	18.96	"	8.40	16.80	"	18.20	30.84	.011562	.009287
47	29.50	26.91	19.80	7.20	9.00	"	"	19.40	32.09	.012000	.009754
48	30.81	28.20	20.76	7.80	9.60	17.60	"	20.60	33.43	.012509	.0102693
49	32.21	29.51	21.72	8.40	10.20	"	"	21.80	34.85	.013106	.0108238
50	33.70	30.98	22.80	9.00	10.80	19.20	. . .	22.00	36.36	.013781	.0114440
51	35.29	32.39	24.00	9.60	11.40	. . .	. . .	. . .	37.97	.014541	.0121337
52	36.98	33.97	25.20	10.20	12.00	. . .	. . .	. . .	39.68	.015389	.0128970
53	38.79	35.65	26.64	10.80	12.60	. . .	. . .	. . .	41.51	.016333	.0137511
54	40.73	37.45	28.08	11.40	13.80	. . .	. . .	. . .	43.46	.017396	.0146767
55	42.79	39.36	. . .	12.00	15.00	. . .	. . .	. . .	45.54	.018571	.0157054
56	45.00	41.41	. . .	12.60	. . .	. . .	. . .	. . .	47.76	.019885	.0168587
57	47.35	43.60	. . .	13.20	. . .	. . .	. . .	. . .	50.13	.021335	.0181200
58	49.87	45.94	. . .	13.80	. . .	. . .	. . .	. . .	52.66	.022936	.0194994
59	52.57	48.45	. . .	14.40	. . .	. . .	. . .	. . .	55.37	.024720	.0210513
60	55.45	51.13	. . .	15.00	. . .	. . .	. . .	. . .	58.27	.026693	.0227504
61	58.54	. . .	. . .	15.60	. . .	. . .	. . .	. . .	. . .	.028880	.0246434
62	61.84	. . .	. . .	16.20	. . .	. . .	. . .	. . .	. . .	.031292	.0267240
63	65.39	. . .	. . .	16.80	. . .	. . .	. . .	. . .	. . .	.033943	.0290330
64	69.18	. . .	. . .	17.40	. . .	. . .	. . .	. . .	. . .	.036873	.0315711
65	73.25	. . .	. . .	18.00	. . .	. . .	. . .	. . .	. . .	.040129	.0343904

* Secured by multiplying the *monthly* rate by twelve.
† Gross premiums.
‡ Net premiums.

For columns 5, 8 and 9 the annual rate was secured by multiplying the monthly rate by twelve. The product is

consequently too large, for monthly payments must necessarily be greater than one-twelfth of the annual premium to compensate for loss of interest and the lesser losses due to intervening mortality. Annual premiums are always supposed to be paid at the beginning of the year, thus giving the society the benefit of the interest earnings during the year. In case of monthly payments these earnings are appreciably smaller because of the reduced periods of time during which loans can be made. Column 10 exhibits the gross or office level annual premiums charged by a society which aims to provide pure insurance at the lowest possible cost under a mutual system. This table has the sanction of able actuaries. Columns 11 and 12 show the probability of dying according to the American Experience and National Fraternal Congress Tables respectively. In these columns one finds the reason for the differences existing between columns 2 and 3, the probability of dying being correspondingly lower in column 12.

It will be noticed that the premiums in column 3 are approximately one-sixth lower than those in column 2, up to age thirty-five; and that for ages above thirty-five they are only about one-tenth lower. Although the rates of column 4 are generally one-third below those of the Fraternal Congress, they show system and careful calculation, as a comparison with columns 2 and 11 and 12 will readily reveal. Columns 5, 6, 7, 8 and 9 are fair examples of that type of fraternal societies which attempt to make the world believe that accepted mortality tables are thoroughly bad and that *they* can furnish insurance or "protection" at rates from one-half or one-third to one-fourth of "old line" rates. They promise benefits out of all proportion to the contributions made, and sooner or later go into inevitable ruin. Column 10 shows the table of rates prepared by competent actuaries for a society which aims to furnish insurance at the lowest possible cost consistent with safety and efficiency. This society, furthermore, aims to eliminate

the investment features from its insurance, and to restrict its business to the furnishing of mere life protection. If the *relief* work of many fraternal societies may be characterized as remedial, the insurance of this society may be described as *preventive*, just as tontine and semi-tontine policies may be termed *speculative*. Modern life insurance as a whole is primarily preventive; whereas in its beginnings, insurance was chiefly remedial. The transition from the remedial to the preventive form was made possible only by the scientific formulation of accumulated experience, and the transaction of insurance business on the basis of this experience. Accumulated experience eliminated gradually the chance or speculative element which was so prominent in some earlier forms of insurance, such as the maritime or sea loan in connection with which some life underwriting was also done. Although an element of speculation still survives and the investment[1] features of many policies are predominant, modern life insurance is the greatest engine of prevention which the world has known. Failure to recognize the scientific truth that the efficiency of this preventive work depends absolutely upon rigid adherence to health experience has not only brought disaster to thousands of fraternal societies, but has tended to throw the entire fraternal system into disrepute as well as to discredit insurance in every other form.

The fact is, therefore, worthy of emphasis that the National Fraternal Congress has for some time recommended a table of rates (column 3) which is the result of years of work of a standing committee of this body. Like all other scientific tables of rates, this is based upon a mortality table. Only a part of the Fraternal Congress Mortality Table is given in column 12. The committee took into consideration the published experience of old line companies in the United States and several foreign countries, and the

[1] No attempt is here made to discuss the use of this word in insurance terminology.

experience of several of the largest and oldest fraternal societies in this country. The committee was unanimously of the opinion that the Actuaries' and American Experience Tables are too high both from the experience of the old line companies and from that of fraternal societies. Having reached this conclusion, the committee combined the various actual mortality experiences into a new mortality table. The latter was made the basis of the premium rates in column 3; and, in addition, of step-rate and modified step-rate plans. A fraternal society might accept the mortality table without adopting the schedule of rates. For instance, column 3 assumes 4 per cent interest. This is probably too high for the present; hence, a society desiring to assume an interest basis of 3 or 3½ per cent could construct its own tables on the basis of the mortality table, giving it, of course, a *higher* rate of net annual level premiums than those of column 3. The chief significance of the work of this committee on rates lies in the official recognition which has repeatedly been given by fraternalists to this kind of work, and the inference that any fraternal society whose experience is more unfavorable than that assumed in the Fraternal Congress tables is faulty either in plan or management, or both. It is doubtful, however, whether fraternalists as a body sufficiently realize the advantage of *assuming* a more unfavorable mortality rate than their own experience realizes. No one will be inclined to question the desirability if not also the necessity of erring on this side of the line.

Here we are confronted by the question of reserve and surplus. An ideal system of pure life insurance would be one in which the actual experience is identical with that assumed in the mortality table upon which the organization in question bases its tables of premium rates; in which the interest earnings are exactly equal to the assumed rate; in which the expenses of management absorb only the sums set apart as loading; and in which there exist no lapses,

surrender values, etc. It is needless to add that such an ideal can never be fully realized in practice. To base gross premiums or assessments on the lowest possible death rate, a high rate of interest, and the least allowance for expenses of management, and then encounter experience more unfavorable than that which was assumed in estimating premiums, in any one or more of these lines, if continued for a longer or shorter period of time, can result in nothing but failure. To assume too high a rate of mortality, too low a rate of interest, and too heavy an expense in administration, makes premiums unnecessarily high, and results in the accumulation of a large surplus. This is what fraternal societies object to; yet, if an error is made, it should certainly be made in this rather than in the opposite direction; and with wise management, under a participating system, a distribution of these accumulated funds will ultimately be of benefit to the policy-holder. With a relatively small number of exceptions, fraternal insurance societies have erred not only in neglecting scientific mortality tables, but also in assuming experiences much too favorable under present social conditions. On the other hand, their aim to provide pure insurance at the lowest possible cost is a laudable one, and, when accepted business methods are pursued, capable of diffusing great benefits among members. The accumulation of an enormous surplus is considered inconsistent with fraternal principles; yet it should be added that the accumulation of no surplus whatever is probably always (except in "natural" plans) inconsistent with safe business principles, because it signifies either that interest, cost of insurance, and loading, as assumed, are exactly realized in practice, in which case the ideal would have been attained; or, which would be disastrous, that experience is more unfavorable than the assumptions on which the business is based. Prudence would dictate that at least a small margin should be allowed for adverse conditions. So much for the question of a surplus.

Somewhat different in nature but of even greater importance is the question of a reserve. The National Fraternal Congress has almost from the very first included this among the subjects for discussion, and the organization of an *American* Fraternal Congress at Omaha, in October, 1898, making the chief qualification for membership the adoption of a reserve system, is significant in that it shows a well-marked division of opinion among fraternalists on the question of reserves. The National Fraternal Congress has not yet taken steps making it obligatory on the part of its members to adopt a reserve fund; yet, speakers before this body have repeatedly urged the necessity of adopting reserve systems. A number of societies—consistent with the traditional fraternal dislike for old-line terms—have established "safety" or "emergency" funds, which are technically reserve funds. Several prominent fraternalists expressed their approval of both a reserve and a "natural" plan before the National Fraternal Congress of 1900, and similar utterances were made before the same congress during earlier years, notably in 1893, 1894 and 1898. An examination of all the proceedings of this congress gives the reader the impression that there is an unmistakable tendency among fraternal insurance societies toward the reserve or natural premium plans, especially the former.

Disregarding several minor considerations, under a reserve plan the premiums are "level," *i. e.*, do not vary in amount during the premium-paying period of the policy. Since the "cost" of insurance—*i. e.*, moneys required to meet current mortality losses—increases with increasing age, it follows that under a level premium system the earlier premiums are greater and the later premium payments less than the cost of insurance for the age represented by the policy holder in question. That part of the level premiums which is in excess of the current cost of insurance is improved with interest and "reserved" to counterbalance the deficiencies of later level premiums. In other words, every level premium

embraces an *investment reserve*, in addition to other elements which need not be discussed here, with which future losses are met. Under a "natural" premium plan the policy holder—again disregarding loading, etc.—pays just enough to cover the cost of insurance for his age, and no more. Natural premiums are, consequently, low during youth and increase with advancing years, until finally they become practically prohibitive. Assuming that the premiums are payable at the beginning of the year, it is evident that even under the natural system some reserve exists with which to meet losses during the year. This form of reserve may be termed *insurance* reserve. It is used to meet current losses and is greatest at the very opening of the year, gradually decreasing until at the end of the year it is completely exhausted.

The tables of the Fraternal Congress admit of both the reserve and the natural premium plans. The reserve plan involves the adoption of a level premium table like that given in column 3 of the Comparative Exhibit, and the natural plan is illustrated in the table given below. Both tables of rates are based upon the same mortality tables. The committee on rates of the Fraternal Congress has also prepared other modifications of the natural plan, but this one will suffice for purposes of illustration.

STEP-RATE AND MODIFICATIONS.

1. Ages.	2. Annual.	3. Monthly.	4. Monthly.	5. Monthly.
21–25	$ 5 11	$ 45	$ 60	$ 75
26–30	5 40	48	63	78
31–35	5 93	52	67	82
36–40	6 71	59	74	89
41–45	8 14	72	87	1 02
46–50	10 25	90	1 05	1 20
51–55	13 82	1 21	1 36	1 51
56–60	19 60	1 72	1 87	2 02
61–	54 01	4 73	3 00	2 50

The report of the committee contains the following explanation of this table: "Column 2 gives the annual rates for the natural step-rate to age 61, and a level rate from that age for the balance of life. Column 3, the monthly rates as derived from the annual rates, with allowance for slight loss due to that method of payment. These two columns are the basis for calculating columns 4 and 5. Column 4 shows a modification of the natural step-rate by means of an accummulation of 15 cents per month, which is used to reduce the level cost from age 61 to $3.00 per month. Column 5, a similar modification, but with an accumulation of 30 cents per month and a level cost from age 61 of $2.50 per month. Under either of these plans all members pay the same rates at the same attained ages. The purpose in view in these tables is to have a plan that requires but little detail in its operation, so as to be readily comprehended by the officers of the local lodges." It will be noticed that an "accumulation" is provided for in the rates of columns 4 and 5. This is technically a form of reserve, and in so far as these accumulated funds permit the payment of premiums at advanced ages smaller than the cost of insurance, they perform exactly the same function as those performed by the reserve under the level premium system. The expediency of such an accumulation plan can scarcely be questioned. Fraternal societies have suffered again and again from losses in membership due to an increase in the size and number of assessments, or both. Men seem to object to constantly increasing payments, and in this lies the inherent weakness of the "natural" premium plan. It is thoroughly sound. It cannot fail, but as a method of doing business it has serious faults; and, as long as human nature remains what it has been and still is, the natural plan is open to strong objections. Remembering that out of every thousand fraternal policies ninety-four lapsed during the year 1898, and that in one society nearly 23 per cent dropped out, it is safe to assume that a more general introduction of

the natural premium plan can only result in a continued high rate of lapses. The present high rate of lapses is unquestionably the result of a variety of causes, but it seems improbable that a system of premiums steadily increasing with the advancing years of the policy holder should do anything to check this movement. From a business point of view the adoption of level rates seems most expedient. Furthermore, since fraternal societies avowedly find their constituencies among persons of limited financial resources, and whose earning capacity sometimes decreases rapidly after middle life has been reached, the introduction of limited payment certificates or policies is worth consideration. Not only does the natural plan with its markedly rising cost of insurance in the higher ages levy a severe tax on the earnings of the small policy holder, but the level premiums even may become too burdensome. Fraternal societies strive to furnish, among other benefits, pure whole-life insurance. When this involves *life long* annual or other periodical payments, the policy holder can see no end except death, to the number of his contributions. This objection holds against all whole life, unlimited payments policies; and consequently all insurance organizations must meet this proposition. It seems desirable that a person's heaviest contributions should fall within the most productive years of his life. Both the experience of fraternal societies with increasing assessments and the composition of their membership point to the desirability of the introduction of some limited payment premium systems.

The insurance of women has not yet been highly developed. In the membership of fraternal societies women have increased very rapidly, as the following figures will show:

1892	319	1896	17,037
1893	2,429	1897	24,049
1894	5,450	1898	43,158
1895	9,765	1899	73,864

In his annual report for 1894 the registrar of friendly societies for New Zealand states that "there is a manifest growth of opinion in favor of the formation of branches of friendly societies for women." What proportion of the women membership carries insurance it was impossible to determine. Judging by the expressions of opinion collected by a prominent woman's society, and published in the *Proceedings of the Fraternal Congress* for 1898, much sentiment exists in favor of insuring women at the same rates prevailing among men's societies. The argument was even advanced that, as insurance risks, women are preferable to men. Some old line companies evidently do not accept this as a fact, for they still levy an extra charge on women's policies. The accumulation of experience on the part of women's fraternal societies, or women's branches of fraternal societies, will be of great value in establishing insurance among women on a sounder basis. In view of the fact that there are thousands of women who are economically dependent upon themselves, and who support others dependent upon them, a growth of insurance among this class of women deserves to be encouraged. The fraternal societies of the United States are in a position to do this to a considerable extent.

One of the chief, and doubtless also the most important, causes of the defects in the insurance schemes of beneficiary societies is found in the legislation relating to the same. *Laisser faire* has prevailed altogether too much in the fraternal system. A few simple statutes could have avoided untold mischief in the past. There is still time to protect properly the future.

Students of legislation of the different states of our Union are familiar with the lack of uniformity, inconsistencies and incompleteness of the statutes relating to the same subject. Our insurance laws are no exception. One finds in them all the lack of harmony which exists in some other fields. The laws relating to fraternal societies are even worse. In six states no legislation governing fraternals exists. This is

practically true in twenty others, except that in these states fraternal societies are expressly exempted from the provisions of statutes relating to other insurance companies. In two states this exemption is contingent upon the limitation of insurance certificates to five years or less; and, in several others, upon the fact that neither agents nor salaried officers shall be employed. Fifteen states have laws with varying degrees of completeness on the subject, and in four of these the statutes are tolerably complete. Several states, together with the District of Columbia, have adopted the Uniform Bill which the National Fraternal Congress has for some years recommended. How great the need of uniformity really is the following paragraph, copied from the report of the Committee on Statutory Legislation, submitted to the Congress of 1899, strikingly illustrates:

> A society of this Congress recently applied for license to do business in Missouri, and it was admitted to that state on its compliance with a rule that required it to change the language of its benefit certificate, so that the amount to be paid to the beneficiary of the deceased member should be a certain stated sum, and that the stated amount should not be qualified by the further provision (which before that time had been in its certificate) that the sum to be so paid should in no event exceed the amount collected from one assessment on each member of the society, in good standing at the time of the death of the member. Another society of this Congress recently applied for license to do business in the State of Massachusetts, and among the reasons assigned by the commissioner of that state why license should not be granted to it was that its benefit certificate was for the payment of a stated amount, *without having the qualifying clause that the amount so paid should in no event exceed one assessment on each member in good standing at the time the member's death should occur.* That which was deemed to be against public policy in Missouri was regarded as a virtue in Massachusetts, and in each instance the society was requested to comply with the settled and well-defined rule of the state to which it made application for license, and to comply with the rule of one would cause a refusal to issue license by the other.

One of the questions contained in a circular addressed by the writer to about six hundred fraternal officers called for

suggestions as to improvements in legislation affecting fraternal beneficiary societies. From the replies received the following are selected as representative. Each number refers to a single report:

1. The establishment of minimum rates; make it impossible for professional promoters to start new societies; prevent insurance departments from discriminating against fraternals and from charging excessive fees.

2. Establish uniform minimum rates; establish a strong reserve; enact a uniform national law; settle disputes by arbitration and *never* in court, except by mutual agreement.

3. The several states should enact the Uniform Law recommended by the Fraternal Congress; or Congress should assume control of these societies.

4. "The absolute right of each fraternal association to manage its own affairs without dictation from the Insurance Department, provided the association is a member of the National Fraternal Congress."

5. The enactment of a national law; require only one report from each organization to the National Insurance Department. "This would do away with multiplicity of reports, and prevent undue tinkering with the statutes."

6. "To be let alone with the blessings of God. Legislatures have almost annihilated the fraternal idea by making it conform to insurance schemes and requirements alien to co-operation."

7. "I believe that the state insurance departments should exercise supervision over the affairs of every fraternal benefit society which insures its members. I believe the requirements of such supervision should be uniform throughout all the states; but I would not recommend national supervision."

8. A uniform law for all the states, or a national law.

9. "Fraternal insurance will only become of value, lasting benefit, and established on a perfectly sound financial basis, when every state in the Union enacts a general fraternal

law that no order of a fraternal nature, claiming to give fraternal insurance protection shall even be chartered, unless the rates of assessment of such order shall be at least based on the American Mortality Tables (or possibly those of the Fraternal Congress), and that all fraternal orders be compelled by law at once to adopt these rates."

The reports of both the president and the vice-president of the Congress of 1900 contain recommendations along lines indicated in the above extracts. It is there stated that mortality tables can be elaborated with mathematical precision, and that fraternal as well as "commercial" insurance ultimately rest upon the same insurance principles. Both of these officers urge the adoption of the Fraternal Congress rates as a minimum. Two important points of superiority claimed for fraternal insurance are better selection and lower expense rates. The former, it is claimed, is in part due to the "double" selection coincident with the lodge system, under which the medical examination of the applicant is supplemented by the test of meeting the approval of the membership of the lodge. Points which might escape detection by the medical examiner may be known to individual lodge members, and this would be sufficient to reject the risk. The latter—the expense item—is made much of. By confining themselves to *pure* insurance, *i. e.*, insurance free from investment and speculative elements, fraternal societies claim that they can conduct their business with much greater economy. Fraternal officers point with pride to an estimated average expense of $1.03 for every $1,000 of insurance in force among the forty-seven societies comprising the Congress, while twenty-eight old-line companies, in their reports to insurance departments, show an expense of $10.30 per $1,000, or exactly ten times as large. Because of the many differences existing in the two systems in the kinds of policies written, this comparison of expenses may require modification; yet it must be admitted that the ambition of fraternal societies to furnish pure insurance at the

lowest possible cost to the policy holder is a commendable one, and capable of diffusing the benefits of insurance among much wider circles than has hitherto been possible. Old-line companies have been introducing reforms in their systems of paying commissions to agents; and the desirability of limiting, by statute, the aggregate amount of insurance in force in any one company has been seriously proposed by officials of our giant companies. The possibilities of the fraternal system, when once thoroughly reduced to a sound business basis, are practically unlimited.

The demand for greater uniformity among the laws of the several states or for federal legislation is very strong. Some of the ablest and most prominent fraternal officials favor a federal law and national supervision. This involves constitutional questions concerning which nothing need be said in this connection. It also calls forth diverse opinions with respect to the question of greater centralization of power in the federal government. However, there can be but one opinion as to the desirability of greater uniformity, whether brought about by congressional action or by concerted movements in the different states. The National Fraternal Congress, through its representatives, has for several years been striving to secure the adoption of the Uniform Bill, the chief contents of which can be briefly indicated.

The bill is entitled "An act regulating fraternal beneficiary societies, orders or associations." Section 1 opens with a definition, which is conspicuously wanting in most of the existing laws. This definition is but an elaboration of what were enumerated as the essential characteristics of a fraternal society, at the organization meeting of the Congress in 1886, and which have since been modified and repeated in successive editions of the constitution of the Congress. No society is considered fraternal unless it practices a ritual, has a system of lodges, a representative form of government, pays benefits, and does not conduct its business for profit. At the meeting of the Congress in 1900, a

representative form of government was defined as "one in which there is a corporate meeting of the supreme legislative body, provided for as often as once every three years, to be composed of the officers and, in addition, delegates representing the membership; to which meeting sole power is given to adopt and amend by-laws, and to elect the chief officers of the order, and in which the term of no officer so elected shall be longer than until the next regular session of such governing body." Both the law and the constitution of the Congress distinguish sharply between "assessment" and fraternal societies. A fraternal society may adopt an assessment system of benefits, but it must, in addition, possess all the other fraternal elements; while an assessment society does not necessarily incorporate one or more of the fraternal characteristics. A fraternal society *may* consequently be an assessment society (until after the general adoption of level or step rates), but a pure assessment society is not a fraternal society. In some states special laws have been enacted to govern old line, assessment, and fraternal insurance organizations, respectively.

Any society coming within the description just given, but organized under the laws of another state, may be admitted to a state having adopted the uniform law, by appointing the Insurance Commissioner as its legal representative, and filing its charter, constitution, etc., for which a small fee is charged. Societies of other states, on application, may be examined by the Insurance Commissioner at a cost not to exceed $50, in certain cases. The president of the last congress, in his annual report, favors a graduation of fees for examination, varying from $100 to $500, depending upon the membership of the society examined. That the limitation of fees to be paid to examiners is necessary, the experience of one large order demonstrates. This society uncomplainingly paid $2,307.40 for an examination made, at its request, by the Insurance Department of one of the states. Not long after, the officers of another state appeared to make a similar

examination. When told of the thorough examination recently made by the officers of a different state, the society was informed that such an examination could not be accepted by the department of this state. A second examination was made, for which the society paid $1,615.50. Irrespective of the merits of these two examinations, it is evident that in such "damnable iteration" lies a real evil which the law should remedy. A single thorough examination by competent men ought to be sufficient to satisfy every insurance department. The law allows a larger fee for the examination of societies which have a reserve fund,—the Uniform Bill providing that any "fraternal beneficiary association may create, maintain, disburse and apply a reserve or emergency fund in accordance with its constitution or by-laws." The proposed law calls for an annual report to the Commissioner of Insurance, embracing twenty-five items. Such report shall be in lieu of all other reports required by any other law, thus doing away with the objectionable multiplicity of reports. The twenty-five items in the report, taken collectively, are sufficiently comprehensive in their scope to give the officers of the state an intelligent view of the condition of the organization submitting the same. However, the Commissioner of Insurance is authorized to address any additional inquiries to any such organization in relation to its doings or condition, or any other matter connected with its transactions. The incorporation of new societies is provided for; and the employment of paid agents, except in the organization or building up of subordinate bodies, is prohibited. The present laws of several states contain an absurd provision making the employment of a paid agent a chief test of the fraternal character of the organization. It is needless to add that the employment of *any* agent, paid or unpaid, to solicit insurance for an organization which does not provide insurance which is absolutely sound should be forbidden. That provision of the proposed law which makes a contract invalid if the beneficiary agrees

to pay the dues of the member is of doubtful utility, because numerous instances may arise in which such a course of procedure would be beneficial to both parties. The usual penalties are imposed for violations of the law; methods of judicial procedure are described; and all previous laws inconsistent with the act repealed.

The history of the development of fraternal beneficiary societies in the United States is analogous to that of the Friendly Societies of England.[1] There, as here, existed the early abuses—mismanagement, insolvency, dissolution; there, as here, payments were small and out of all proportion to the benefits guaranteed; there, as here, younger members sooner or later refused to join. The custom of levying assessments when the occasion arose—sickness, death—was generally followed. An increase in the number of deaths or in sickness increased the number or size of payments, or both, and societies were disbanded. Out of 38,315 friendly societies founded between 1793 and 1867, 13,935 collapsed, leaving (1867) 4,015 persons, former members of disbanded societies, in public work-houses. Gradually improved systems of accounting were introduced, and attempts made, by means of periodical valuations, to establish the risks as they actually existed, on the one hand, and as they were assumed to be in the contract, on the other. The levy system, once generally prevailing, stands in strong contrast to the premium system which English friendly societies have either adopted or are striving to adopt. The question of premiums had become sufficiently prominent by 1819 to lead to the enactment of a law requiring justices not to confirm any tables unless approved by two actuaries or "persons skilled in calculation." While in practice schoolmasters and small accountants frequently performed the actuarial duties prescribed by the law, this was, nevertheless, a move in the right direction. In 1846, with the creation of a Registrar of Friendly Societies, the old local registration and control by

[1] Consult *Baernreither*, "English Associations of Working Men."

justices was swept away. Four years later all registered societies were required to make annual returns under penalty of being disqualified to sue. Annual reports of the registrar began to be published in 1857, one year after the first American report had been issued by the Massachusetts Commissioner of Insurance. Since 1875, English friendly societies have stood on a firm legal foundation. The Friendly Societies' Act of 1875 provides for full publicity. In forms prescribed by law, annual and quinquennial returns are called for; and quinquennial valuations, by which the financial operations of the societies are subjected to a rigid actuarial test, are made obligatory. Every year the registrar suspends societies because they have failed to send in their valuations as required by law. Both English law and practice have long exerted a firm and continuous pressure to establish the protective features of friendly societies on the basis of insurance principles.

In distant New Zealand similar features of friendly society development may be observed, as an examination of the reports of the registrar will readily reveal. Beginning with the happy-go-lucky levy system, New Zealand societies have gradually taken ground which all financially sound organizations must occupy. Their course of progress is outlined in the following extract:[1] "To sum up the leading features in fifty years of reform is all that space will allow of. Its characters are written in the history of the gradual introduction and growth of financial principles and better government. In the financial department valuation must stand first because of the lessons it has taught and because of other improvements it showed the need for and directed the way to, such as graduation and the formation of funeral funds on equitable principles; while underlying all progress must, of course, be placed the maxim that the benefits promised by the society should not exceed those which the contributions paid for them can legitimately and with

[1] *J. Frome-Wilkinson*, "Fifty Years of Friendly Society Progress."

safety carry. In the history also of graduation we have the slaying of the most terrible enemy to a sound financial condition that has ever warred against the efficiency of the friendly society system—the charge of a uniform contribution to members at all ages of entry. To be rid of such a fell disease is like the ejectment of an undermining and life-destroying consumption preying upon the vitals till the outwardly fair (to the eyes of the casual observer) fabric falls in hopeless ruins. Significant, too, in its warning is the absolute failure of heavy extra fees for members joining at higher ages to check this evil. The fate that has overtaken the application of the supposed remedy should admonish members that no quack pseudo scientific methods of treatment will do aught but increase rather than alleviate the condition of the patient. . . . Friendly society institutions are rapidly arriving at a crisis in their history when progress will be sadly checked or still firmer ground attained. Societies are beginning to understand that almost continuous sick pay to old and past-work members means a drain on the funds such as has never been paid for. Their case is like that of a city whose water supply is proving to be insufficient for increased and increasing demands for which provision had never been made. There is only one remedy in either case, the increase of supplies. The funds of no society will stand continuous sick pay. The first society that popularizes a sound scheme of superannuation and educates its younger present members and all future initiants to take shares in it, will be the premier friendly society of the future, will never capitulate to the attacks of want and pauperism, but will provide a shelter to the end against the ills industrial life is heir to."

The National Fraternal Congress has repeatedly been mentioned in this discussion. Without fear of successful contradiction, one may say unhesitatingly that no other factor in the fraternal world to-day approaches in its importance the National Congress. A careful study of the

proceedings of this body will convince the student that from first to last it has stood for enlightened and progressive measures which have long begun to bear fruit in the reforms which have resulted from them.

The idea of such a congress originated in the State of New York, where the local societies had organized a state federation for the promotion of their own interests. In response to a call issued by the Ancient Order of United Workmen, the father of modern fraternalism in the United States, a convention of representatives of fraternal societies was held in Washington, D. C., in November, 1886. This organization session included delegates from seventeen orders with an aggregate membership of 535,000, carrying insurance to the amount of 1,200 millions. The latest Congress, which met in Boston in August, 1900, embraced forty-seven orders with an aggregate membership of 2,668,649, carrying insurance to the amount of 4,021 millions of dollars and having paid over thirty-eight millions in benefits during the year. These statements reflect the magnitude of the interests centred in the National Fraternal Congress. The objects of the Congress, as defined in its constitution, are "declared to be the uniting permanently of all legitimate fraternal benefit societies for the purposes of mutual information, benefit and protection." Representation in the congress is graded according to the membership of the respective societies. Eligibility for membership on the part of a society is contingent upon meeting the requirements of the definition of a fraternal society, contained in the Uniform Bill discussed above, which, in turn, is but a modified statement of the "distinctive features" of a fraternal benefit society as enumerated in a clause of the constitution of the Congress from the time of its organization. Membership in the Congress further involves the payment of an annual fee, varying from thirty-five to one hundred and fifty dollars. The constitution institutes the usual set of officers with customary duties, and establishes seven standing committees dealing with the

constitution and laws, statutory legislation, credentials and finance, statistics and good of the orders, fraternal press, jurisprudence and medical examinations, respectively. The powers and duties of these committees are also defined. Finally, the constitution repudiates "the speculative societies, whose chief aim is to pay sums of money to members during life, without regard to distress or physical disability;" and declares that "the aims of such societies are entirely opposed to the principles upon which the Fraternal Beneficiary Societies are founded, and by virtue of which they exist." The Congress meets partly in sections, the two chief sections being the medical and that on the fraternal press. The latter, by unifying and uniting the interests of the various fraternal publications, is capable of diffusing the knowledge which is essential for the permanent establishment of a sound understanding and the full recognition of true conditions. The former has been aiming at the improvement of medical selection. The personal element being so important in the fraternal system, greater care and efficiency in the selection of risks reacts favorably upon the personal habits of members. A thorough medical examination as a necessary preliminary for participation in a system of benefits is a valuable lesson in right living. A bureau of information has also been proposed and discussed; and if such a bureau is to be permanently established, it would seem best to make the secretary of the Congress chief of the bureau. Such an arrangement would avoid duplication of reports, etc., and at the same time centralize administrative work sufficiently to enable officers to remain in active touch with every branch of the system. The helpfulness of such a bureau can scarcely be overestimated, for, as a whole, the system is suffering from want of sufficient and accurate information. Not until the accumulated experience of fraternal societies has been scientifically formulated and applied to their financial operations can fraternal insurance be said to have reached the dignity of an economic institution. One

society has adopted the combined experience of four other orders until its own experience may have become sufficiently comprehensive. This is correct in principle, and will tend to banish the grotesque systems of guess-work which at present are altogether too common.

In October, 1898, an *American* Fraternal Congress was organized at Omaha. This congress represented eighteen orders, all of which stood upon the common requirement of a reserve fund. No society without a reserve fund was made eligible. The mere fact of the organization of such a congress shows the division which exists among fraternalists on this question. In view of the steady progress which the National Congress has made toward sound financial operations, the union of all societies into a single congress is to be hoped for; and the adoption of measures which will compel every society to take its place, in full view of the public, either with the unsound societies or with that group which the resolutions of the congress declare sound will probably do more to relieve good societies from the disrepute which reckless orders have brought upon them than any other single step which could be taken. This assumes, of course, that the congress will approve only those plans which can stand the test of actuarial science. Adequate statutory regulations could then easily be made to follow; although more rapid progress could be made were uniform compulsory laws to be enacted in every state of the Union.

B. H. MEYER.

University of Wisconsin.

EDITORIAL.

It was five years ago that Professor James retired from the position of editor-in-chief of the ANNALS and thus relinquished his direct supervision of one of the activities of the Academy. At that time it was my agreeable duty to tell the readers of the ANNALS how much our organization had been indebted to the wisdom and foresight of our honored founder. We indulged the hope that the work which he had founded, and which for years he had fostered with devoted care and admirable skill would not suffer by passing in part, at least, into other hands. If the kindly words of the present editor-in-chief in the last issue of the ANNALS were as accurate as they were gracious, we may believe that this hope was not wholly vain.

At the last meeting of the board of directors of the Academy, Professor James requested that his name be not presented for the office of president.[1] A generous feeling that he should not continue to enjoy that honor when circumstances prevent him from participating in the work of the Academy prompted him to this step. In deference to Professor James' wishes the directors unanimously elected Professor Lindsay, who has for some time been the guiding spirit of the Academy, to the office of president.

[1] This letter, though addressed to the board, belongs, we feel, to the Academy at large and is here reproduced.

CHICAGO, *January 3, 1901.*

To the Board of Directors of the American Academy of Political and Social Science:

As the time is approaching for the annual business meeting of the Academy and the election of officers for the ensuing year, I beg permission to make the following suggestions.

For eleven years I have performed the duties of President of the Academy. During the first seven years of that period, though the duties were extremely onerous, I performed them with great pleasure, and should have continued the work longer if my circumstances had permitted.

My removal to Chicago in 1896 prevented my giving as much time and attention to the affairs of the Academy as had been my custom up to the date mentioned, but my interest in its work and welfare has continued as keen from that date to this, and is not likely to suffer any diminution in the future.

I feel, however, that it lies in the interest of the Academy to have as its President a person who is able to give more time to the actual supervision and direction of its work than I shall be able to do from all that I can see, for some time to come. I would suggest, therefore, that you do not consider my name in connection with another term of office as President.

I need not say that my services are always at the disposal of the Academy for any purpose in which they can be of any use whatever. With an earnest desire for the ever-increasing prosperity of the Academy, and its work, I am,

Faithfully yours, (*Signed*) EDMUND J. JAMES.

So important an event as the formal relinquishment of the official honors which Professor James has so long held, should not pass without a tribute to the important services which he has rendered to the Academy. The editor of the ANNALS has courteously invited the writer to be the spokesman of the appreciation and esteem of the directors, and such an invitation could not be withstood. Associated in the work of the Academy with Professor James from its inception, no task could make me break the silence which my retirement should impose more promptly than the privilege of publicly expressing what the Academy owes to its honored founder.

In the course of time the group of men upon whom the first labors of the Academy fell some twelve years ago, Drs. James, Giddings, Devine, Robinson and the writer, has been dispersed, and others have taken their places. That the work continues so full of vitality and promise, is a lasting tribute to the wisdom of its founder and to the unremitting thought and guidance which he, longer than all the rest, has given to its activities. Wise in counsel, fertile in expedients, he carried the Academy through the trying days of its early life, and at the cost of personal inconvenience continued some time after his removal to Chicago, to direct its work. It has been peculiarily his own creation, and only those who in recent years have assumed the active conduct of its work, know how completely the spirit which rules in all its branches is that of Dr. James. That without his presence they have been able to carry on the life of the organization so successfully, is ample evidence of the skill with which Dr. James planned and builded.

When twelve years ago Dr. James broached his plans for an American academy of the political and social sciences there were few among his associates who shared his prophetic vision of what it might become. But we trusted our leader and were willing to work with him. So well had the plans been matured that the first six months of the work carried conviction that the project would be a success. Doubts were silenced, for the unrivaled energy of Dr. James brought immediate fruits.

Among the many lines of activities which were planned by Dr. James the most distinct results have been achieved in the meetings and publications of the Academy. The holding of scientific meetings began on March 21, 1890, and the last held was the Seventieth Session, on February 19, 1901. Much of the early success of these meetings was due to the dignity and address with which Professor James presided over them. With a word or suggestion he turned the discussion from barren to fruitful channels, while as directing spirit in the work of the Academy he secured for the meetings papers of more than ordinary

value. With the growth of the Academy in numbers and strength the program of the meetings was enlarged to include social features, which added to the attractiveness of the gatherings. Later the feature of annual meetings was added to the work of the Academy. These have been especially successful, and their fruits have been embodied in permanent form in volumes issued by the Academy. True to the principles laid down by Professor James, these results have been secured without unduly burdening the financial resources of the Academy, the cost of annual meetings being indeed defrayed by special funds.

With no less energy did Professor James devote himself to the publications of the Academy. After a brief experience as a quarterly, the ANNALS were soon issued six times in the year. It was his conception that the publications of the Academy should afford a place for all scientific discussion, whether it took the form of note, paper, or monograph. He gave, therefore, a peculiar care to the supplements and urged this feature of the Academy's work on all occasions. To his energy we owe the splendid series of supplements which form so conspicuous an ornament of the publications of the Academy. In the work of publication he enlisted the aid and assistance of scholars at home and abroad. Among the many who have contributed scholarly articles to the pages of the ANNALS it may seem invidious to make a personal mention, yet I cannot but feel that it is due to Professor James that the volumes of the ANNALS are so rich in the productions of such men as Professors Patten and Giddings. Nor does it seem amiss to call attention to the fact that Professor James was singularly stimulating and encouraging to younger men, who have since gained honorable places in the scientific world. Members of the Academy will recall with pleasure the fact that the ANNALS contained some of the earliest writings of such men as Drs. J. H. Robinson, E. T. Devine, L. S. Rowe, S. M. Lindsay and Emory R. Johnson, to mention only a few.

If some of the activities planned by Dr. James for the Academy, such as the building up of a library of political and social science, and the encouragement of special research, remain yet in abeyance, it is not because the thought was less valuable, but because the funds have hitherto been lacking. Yet, as Dr. James has already seen the fulfillment of a part of his projects, we earnestly hope that in the long life which we trust is yet before him, these cherished plans may also pass into realization. When this occurs the Academy will be ready to pass beyond the generous ideas of its founder into further fields of usefulness. But much remains yet to be done ere we can hope to surpass his bold conceptions. Nor do we doubt in the least that when this time comes he will be ready with new plans and be the guiding spirit in our future progress.

We should feel the loss most keenly had we any thought that in retiring from the presidency Dr. James was in any less degree with us in our work than before. We are confident that we can always count upon his sympathy and support. We render grateful thanks for all that he has done for the Academy in the past, and cherish the hope that what may be done by and for the Academy in the future may meet his approbation and embody his own wishes for our welfare.

ROLAND P. FALKNER.

COMMUNICATIONS.

GREATER CHICAGO.

The governmental situation in Chicago and the environing Cook County is so complex, and the hands of the legislature are so completely tied by the state constitution, adopted in 1870, that present conditions seem at once intolerable and incapable of amendment. To get any adequate idea of things as they are to-day, one must recall the fact that Illinois was almost a frontier state when the present constitution (the first important permanent result of the Granger movement) came into force. The sole object of the framers of that instrument seems to have been to tie the hands of everybody; and this aim appears to have been successfully carried out.

The constitution prohibits special legislation in regard to cities, towns, villages and townships. It contains specific provisions touching county areas, organization and boundaries which make it extremely difficult, if not impossible, to change the county limits in the vicinity of Chicago. Finally, by prohibiting amendments to more than one article at a time, and requiring that a majority of all the votes cast at the election, and not merely all those cast on the amendment, shall be necessary to its adoption, it virtually prevents the adoption of any amendment which is not of the widest territorial interest. Moreover, all amendments to the constitution and the order for calling a constitutional convention to draft a new constitution must first pass the legislature by a two-thirds vote in each house before being submitted to popular vote. The members of the legislature coming in large majority from the country districts, cannot be expected to take any interest in remedying metropolitan evils of whose very existence they are unconscious, and from which, too, their respective constituents are not suffering.

The difficulties in the way of getting any constitutional relief for the local ills of Chicago and Cook County have so far proved insuperable. An attempt to call a constitutional convention a few years ago was met by the almost united vested interests of Chicago with the statement that, though admitting the need of amendments, such interests would rather bear the present evils than trust themselves to the untested radical sentiment which might gain control of a constitutional convention.

That no satisfactory reorganization of the governments in Cook County can take place without a constitutional amendment is gener-

ally recognized by those familiar with the situation, and is also demonstrated by the failure of attempts at reform through mere changes of statutes during the last decade. Many acts tinkering the system have been passed for the special relief of Chicago, usually under the guise of classification—a device to which no reference is made in the text of the constitution. Many of these acts have been declared wholly or partly unconstitutional. Many others have not yet been passed upon by the courts. Often these acts appear so mutually contradictory as to cause hesitancy and confusion in the attempt to administer them. In so complex a statutory condition as prevails there can be no general assumption that an act will stand until it has actually been passed upon by the courts.

One can scarcely make any significant statement about the legislation or administration existing here which is not subject to doubt or important exception. I shall not attempt, therefore, in this brief notice, to do more than point out a few of the complexities and difficulties, treating them on the broadest possible lines. When the present constitution was adopted, township organization was retained within the limits of Chicago. At that time the city was a mere overgrown village, with a population of about 300,000. It has now, through annexations of territory and the growth of population, become a great metropolis—one of the greatest railroad centres in the world, as well as one of the largest centres for shipment by water. The population (now from five to six times that of 1870) is probably the most mixed of all the great cities of ancient or modern times, and the city offers governmental problems commensurate with its population, wealth and rapid growth. The legal machinery for governing this great conglomeration is not essentially different from that for the Chicago of thirty years ago, for not only did the constitution retain township organization, and the county government (with a county board it is true, somewhat different from those in the other counties of the state), but, also, the three previously established park systems, each under a separate board of commissioners, getting their appointment from different sources, but in no case appointed by or in any way connected with any part of the city government. With the growth of Chicago territory and population the jurisdiction of the park boards has not been correspondingly extended. Consequently, while the city has three independent park boards, each with its own taxing power and a maximum legal tax rate, large parts of the territory of Chicago do not lie in any park district and are entirely free from taxation for park and boulevard purposes.

To add to the already dense confusion, a few years ago, when the question of an improved sewage system had to be met, an entirely

new corporation, the sanitary (or drainage) district, was created and given a territorial jurisdiction with no relation whatever to any previously existing areas. This district, so far as taxation is concerned, lies wholly within Cook County, but does not include all of the territory within the limits of the City of Chicago on any one of its land-bounded sides, though it does include parts of several townships lying wholly or partly outside of the city. The revenue act of 1898 made the local tax assessors, in a sense, subordinate to the new county taxing authorities created by that act, but did not abolish the local assessors throughout the county. It still remains true that property in Chicago may be subject to separate rates of taxation determined by independent or semi-independent bodies each answerable to the statutes alone and acting independently of all others. These authorities are: The state, the county, the city, the school board, the public library board, the park boards (three in number), the townships (seven lying wholly and three more partly within the city's limits), and the drainage board, which has in the last decade spent more than $30,000,000. These various taxing bodies, nearly a score in number, expending a total of more than $30,000,000 a year, are equally independent or semi-independent in their expenditure and general administrative work. They peculate, they waste, they quarrel, they fight, and they constantly appeal to the legislature and the courts. It must be apparent to any disinterested observer that no body of men, however wise or good, could administer such a chaos with honesty and efficiency. The very lack of system invites inefficiency and corruption. It is not strange, therefore, that public administration in Chicago is not up even to the grade of that of other large American cities.

Apart from the ten townships wholly or partly within the limits of Chicago, there are twenty-three other townships outside of Chicago in Cook County. Two of these, Cicero, lying immediately west of Chicago, and Wheeling, have special charters granted before 1870. These resemble rather closely the present form of village corporation, although the towns of Cicero and Wheeling have much rural territory and several considerable aggregations of population (one of which, Oak Park, is perhaps the second most important immediate suburb of Chicago). The most important territory outside of Chicago is the incorporated City of Evanston (population 20,000) immediately adjoining Chicago on the north. The City of Evanston lies in the two townships of Evanston and New Trier, and Niles, while part of the township of Evanston is within the limits of Chicago. The township of Thornton contains the City of Harvey, together with all of four and part of another incorporated village. There are altogether

more than fifty incorporated villages in Cook County, many of which extend into two or more townships, and several go beyond the boundaries of Cook County.

What Chicago wants and what she would have if her own interests alone were consulted, is a constitutional amendment permitting her to annex the more densely populated suburbs and some of the less densely populated, needed for park purposes and the preservation of streams, and then to consolidate all the functions of government, such as those of townships, county, park and so on, with the possible exception of those of the drainage district, in the hands of a single government, that of the city. This would probably take into the consolidated city and county of Chicago, all of Evanston on the north (on the ground that it is essentially metropolitan in character and must come into the drainage district soon, to prevent the pollution of the water supply), all of Cicero, a part or all of Proviso and the tier of townships, Leyden, Riverside and Norwood Park, lying due north of Cicero and Proviso. This whole group of townships is desired because part of it is metropolitan in character and all of it lies along the Des Plaines River, the water of which it is proposed to use in connection with the drainage canal. It is also a part of the scheme to lay out a great metropolitan park system along this water course. It is probable that this territory on both the north and west will be forced into the drainage district in the near future, and Chicago regards this district as in a peculiar sense her own. But the City of Evanston and the country townships, with the possible exception of Cicero, are strenuously opposed to annexation to Chicago.

The Civic Federation, which is leading the movement for reform in Chicago, regards the abolition of county and township government within Chicago, whatever the limits of the city may be, as a prerequisite to serious and thorough-going reform. But as already indicated, this requires changes in the constitution. So long as the country districts in Cook County are so vigorously opposed to annexation and the sentiment against Chicago in the remaining portions of the state remain unchanged, such constitutional amendment is impossible. For at present the country townships fear that however carefully such amendment might, on the face of it, protect their interests, nevertheless to yield anything might open the way in some manner not foreseen for annexation to Chicago, or at least create sentiment that would make it easier to open the way for such action in the future. Although the present statutes affecting the question of annexation are very much involved, it is supposed that under them no annexations can be made without the consent of a majority of all the legal voters in each of the territories affected by the proposed annexation.

Generally speaking, the townships outside of Chicago as far as their respective local affairs are concerned, are satisfied with the present condition and believe that they can prevent legislation changing that condition. They have so far refused to recognize any obligation to obtain or permit relief for Chicago, and may properly be said to be playing dog in the manger. These townships carried this policy so far as to form last July a permanent federation of all the country districts in Cook County (known as the County Town Federation of Cook County) to defend their interests against the supposed aggressions of Chicago. This federation holds regular monthly meetings, and, so far, the delegates to it have shown no inclination to acknowledge any obligations arising from their citizenship in Cook County or in Illinois, to bring about a better condition of affairs in Chicago.

The result of this opposition by the country townships has been to change the tone and attitude of the Civic Federation on the whole question. The Greater Chicago scheme, as launched about two years ago, apparently involved simply the annexing of such territory as the interests of Chicago seemed to require. When the storm of opposition against this began to gather the Civic Federation put forth a modified scheme involving annexations, under a borough scheme of government, by means of which it was claimed that local autonomy in local affairs, so much prized by the country districts, could be preserved to them, while the things of general and larger interest could be attended to by the proposed Greater Chicago. This seemed to meet with favor for a time, but the fear of once opening the gates to annexation under any form again arose in the minds of those living outside Chicago, and, consequently, there has been a decided reaction against this proposition also. As a consequence of this turn of affairs the Civic Federation has apparently given up the idea of trying to put through the Greater Chicago scheme, with the borough attachment, without the consent of the country districts, and is now urging co-operation on the basis of the larger citizenship, duty, and civic interest plea, hoping all the time to make the country districts see their duty from the standpoint of the larger interests of Chicago. The Civic Federation still insists that measures can be so drawn as to protect in a satisfactory manner the interests of the minority, while giving much needed relief to the majority in Chicago.[1]

Meantime that organization is pushing such minor reforms as can be

[1] CONSTITUTIONAL AMENDMENT PROPOSED BY THE CITIZENS' CONSOLIDATION COMMITTEE OF THE CIVIC FEDERATION OF CHICAGO.

RESOLVED, by the House of Representatives of the State of Illinois, the Senate concurring herein, that there shall be submitted to the voters of this State at the next election for members of the General Assembly a proposition to so amend the

obtained by the tinkering process without arousing the opposition of the outside districts. At the last session of the legislature, for instance, since it is constitutionally impossible to abolish the townships in Chicago and retain township organization in the rest of the county, the Civic Federation obtained the passage of a bill in the *form* of a general act providing for the consolidation of all the townships and fractional towships in Chicago into a single township. The title[1]

seventh section of the tenth Article of the Constitution of this State, that the same shall read as follows:

The General Assembly may provide for the consolidation of city and county functions within the present limits of the City of Chicago, but no act for such purpose shall take effect until submitted to the vote of the electors of said county at a separate election to be held therefor, and ratified by a majority of the legal voters of said city voting thereon, and also by a like majority of the legal voters of that portion of said county outside of said city. In case of such consolidation of city and county functions within the limits of the City of Chicago the debt of said Cook County existing at the time of such consolidation shall be paid by the said City of Chicago, and the territory remaining outside of said city limits shall be exempt from all liability therefor, and all buildings and property of said former County of Cook shall belong to and be the property of said City of Chicago; and the territory included in the then or future limits of said city shall be known for all county purposes as the County of Chicago.

The General Assembly may provide for subordinate local government by districts within the present or future limits of said city; also for local control of schools, police, fire protection, libraries, public lighting, improvement of streets, sidewalks, parks, sewers and water works, in any territory hereafter added to said city.

The authorities of said city shall have no power to license the sale of intoxicating liquors in any district wherein such sales are prohibited at the time of the adoption of this amendment.

Upon the adoption of any act for consolidation of city and county functions in the limits of said city, all the provisions of this constitution relating to Cook County shall be deemed to apply to said County of Chicago. Upon the adoption of such act as to the territory of said County of Cook remaining outside of said city limits, the General Assembly shall provide for the establishment of courts and county government in such territory as in case of new counties, but not more than two counties shall be formed from such territory. Until otherwise provided the affairs of said County of Cook shall be managed as now provided by law; but the functions heretofore exercised by township officers in said city shall be performed by the City Council.

The General Assembly may provide for abolishing the office of justice of the peace within the County of Cook or said County of Chicago when established, and for the substitution of local or district courts in lieu thereof, with such jurisdiction not exceeding that of the circuit court, as may be deemed advisable; and may provide for the election or appointment of constables therein. (Printed January 29, 1901.)

[1] The full title is as follows: "An Act to provide for consolidation of the territory of cities in counties under township organization having five or more congressional townships and fractional parts of congressional townships into one township, and to provide for a board of auditors of said township and locate the place where the justices of the peace shall have their offices."

of this act, approved April 24, 1899, shows to what lengths we have to go in our efforts to avoid the prohibition of special legislation under our present constitution. The validity of this particular classification may well be doubted until it is accepted by the supreme court. That the Civic Federation itself doubts the valadity of this Act is shown by the fact that it has just had introduced (February, 1901) a bill to accomplish the same purpose by retaining all the townships, but transferring most of the powers of the townships to the City Council. While the consolidation of the townships in Chicago under this act would apparently include in the consolidation the portions of the three townships (Evanston, Norwood Park and Calumet) lying within the City of Chicago, it is not probable that serious opposition would be made by the remaining portions of these townships. Bills are also drafting to consolidate all the territory of Chicago into a single park district under one park board. Unless an attempt should be made to include in such districts territory outside Chicago (such as the Des Plaines river territory referred to above), this is not likely to arouse any special interest outside of Chicago. But already the cry of local self-government has gone up from the people living in the vicinity of each of the great Chicago parks, and even this bill is likely on that account to have hard sledding before the winter is over. It is not at all impossible that under the same slogan the country townships may make an effort to have the revenue act of 1898 repealed, as that act makes their assessors subject to the county board of assessors.

The only real club that Chicago can at present use against the country districts is a threat of abolishing all township government throughout the whole county and placing the affairs now managed by the respective townships in the hands of the county board. This can be done by a majority vote of all the voters in the county regarded as a unit. Chicago can, therefore, accomplish this at her will, as the percentage of the total vote in the county to be found outside the limits of Chicago is relatively insignificant. Such action would practically, from the standpoint of the country townships, amount to annexation to Chicago, for it would deprive these townships of all of their local self-government and place their affairs in the hands of a board of county commissioners, who, under the present constitution and laws, are elected two-thirds from and by the City of Chicago, whose offices are in Chicago, and who are, in fact, entirely dominated by Chicago politicians- Two obstacles prevent the carrying out of such a policy. First, it would not give Chicago any relief, but make her condition worse by strengthening the hands of the county government, which Chicago is especially desirous of getting rid of. In the next place, it would not transfer the local government powers of the

cities of Evanston and Harvey to the county board and would likely block the way for the annexation of Evanston to Chicago for years to come. The transferring of the governmental powers of the township of Evanston to the county board would be a matter of comparatively little moment except to a few present and possible future township officials, who live from the small township treasury. The City of Evanston is decidedly an element to be reckoned with in the whole matter.

One of the most regrettable features in the present situation is the lack of any apparent recognition on the part of the country districts of what seems to me the serious duty of making such reasonable sacrifice, short of self-annihilation, as promises to improve the government of Chicago. I venture to doubt also if the American sense of justice and fair play will forever permit the interests, real or supposed, of a hundred thousand people, more or less, in the country portions of Cook County to prevent nearly two millions in Chicago from obtaining a form of government in some slight measure adapted to their needs. Should the population of Chicago increase as rapidly in the near future as it has done in the past, and should future apportionments give to Chicago anything like her proportionate share of representation in the legislature; above all, should the conditions become so bad in Chicago as to make the large property interests there prefer, with any degree of unanimity, a reformed government to that now existing, the people of Chicago will be enabled to effect such a change in the sentiment throughout the state as to obtain what they want without even consulting the special interests of the outside districts of the present Cook County. Before this time comes it is to be hoped that a broader patriotism will lead the country districts to withdraw their opposition and unite in favoring a Greater Chicago which will embrace that territory properly belonging to the metropolis and leave undisturbed Evanston and other outlying centres of population with independent civic life.

JOHN H. GRAY.

Northwestern University.

THE JUVENILE COURT OF CHICAGO AND ITS WORK.

Nothing is more indicative of the change which the modern scientific study of pauperism and crime is causing than the increased attention paid to children. It is now clearly seen that it is worse than folly to allow a child to grow up in ignorance of the *raison d'etre* of social customs, and to attempt then to remedy matters by repressive and punitive measures. There is a clearer apprehension of the wonderful susceptibility of the child to impressions of all sorts and a

decided reaction from the extreme emphasis laid formerly upon heredity. It is seen, too, that the state has a vital interest in the welfare of its children, and it is now the recognized duty of the state to see that the children within its borders are properly cared for, both for the sake of the child and for the future of the state. The recognition of the bad results of evil association has led the foremost states to forbid the keeping of children in almshouses. The same influence has led to the gradual adoption of the policy of placing children in family homes, whenever possible, instead of shutting them up in institutions, for it is felt that lessons of home life and individual responsibilty cannot well be taught to children *en masse*.

In dealing with children whose spirit of mischief, or lack of appreciation of law, has led them to commit some offence, there is a tendency to recognize other causes than natural depravity. It is felt that the introduction to a cell and a trial in an ordinary police court do not always fill the youngster with a sense of his misdeeds and inspire him with respect for law and order. Nor have the usual punishments—the small fine, paid by his parents; confinement for a few days or weeks in a city reformatory or for a longer time in a state institution—always been efficacious. It is further recognized that the commission of a serious offence by no means necessarily indicates a greater moral perversion of the individual than does the commission of some petty larceny.

In a word, it is seen that the proper treatment of the delinquent and the neglected child is no simple matter, but requires expert service and expert knowledge of the conditions affecting child life. It requires, further, some clear conception of the probable effect both on the child and on society, of the punishment inflicted or the course of reformation and training selected. To prevent rather than punish, to form rather than reform, is the motto of the new school. This demand has led to the introduction of a children's court presided over by a judge specially fitted for the task.

Illinois had been slow to appreciate the advances made by many of her sister states in the care of children. There had been some mutterings of discontent, some protest. Grand juries had called attention to existing evils in such words as these: "Indeed, in the county jail we found children of nine years of age who had been bound over to the grand jury by incompetent or corrupt justices of the peace in disregard of the fact that the laws of Illinois recognize no capacity for criminality in a child of that age." In 1898 the people of the state were roused to a sense of the situation.

From the hearty co-operation of bar associations, women's clubs, charity societies and interested individuals, resulted a bill which, after

losing many important features because of the opposition of certain institutions, was enacted and became effective July 1, 1899. It is a very comprehensive bit of legislation.

The spirit and aim of the law is well expressed by its last section: "This act shall be liberally construed to the end that its purpose may be carried out, to-wit, that the care, custody and discipline of a child shall approximate as nearly as may be that which should be given by its parents, and in all cases when it can properly be done, the child be placed in an approved family home and become a member of the family by adoption or otherwise."

The law requires the state reformatories to have agents to examine the homes into which paroled children may go, fixes rules for the incorporation of charitable associations, regulates the importation of dependents into the state by foreign associations, authorizes the surrender of children for adoption, permits the appointment of county boards of visitors to investigate institutions and societies receiving children under the act, and also establishes in Cook County, in which Chicago is situate, a children's court, to be known as the Juvenile Court, before which court are tried all cases of children, dependent, neglected or delinquent, under the age of sixteen. The judge of the court was chosen by the judges of the circuit court of Cook County from their own number.

Any person having reason to believe that a child is delinquent, or that it is dependent upon the public for support, or that it is neglected and not properly cared for by its parents or guardians, or that it is sent out to beg, or that its home is an unfit place for a child, may file a petition alleging these facts. After the petition is filed the parents or guardians must be notified within twenty-four hours and summoned to appear in court at a fixed time. The child may be left with the parents or taken from them, pending the hearing, as seems best. The children arrested by the police are first brought before the justices, that trivial cases may be dismissed and the others transferred to the juvenile court, in accordance with the law. At the trial there may be a jury of six (it is required for commitment to the industrial schools under older laws), at the option of the judge or the guardians of the child. If it is found that the child is dependent, it thenceforth becomes the ward of the court. The judge may give the child to some society, place it in an institution, or commit it to some individual. Such commitment conveys the right to place the child in a home and to consent to the adoption of the child, but does not convey the guardianship of property. If the child is proven to be delinquent, the judge may bind him over to the grand jury, if commitment to the state reformatory seems best (the law authorizes the juvenile court to make

such commitments, but the higher courts having ruled that this institution is a penal institution, an indictment is necessary), he may commit a boy to the city reformatory, or a girl to the state reform school at Geneva, may put the child in the care of some association to be boarded out, or may parole him to some responsible individual who will look after him and encourage him to do better without commitment to any institution. The commitment of any child under the age of twelve to jail is expressly forbidden.

To enable the court to maintain its hold upon the children who may be paroled, the law authorizes the appointment of judicious persons as probation officers who hold commissions from the court. It is the duty of these officers to make such investigations as the court may desire, to represent the interests of the child at court, to take such charge of the paroled children and make regular reports to the court as to the behavior of the children in their care. Judge Richard S. Tuthill, the judge of the court, has said that the probation system is the keystone of the court.

The general plan of the court was excellent but failure seemed likely at first as the law provided no means for its own enforcement. It forbade the keeping of the children under detention in any jail or police station. Chicago had no other place and no money. A prisoners' aid society offered its building and the offer was accepted for the care of the boys, the girls and some of the younger boys being cared for in the detention hospital by the county as heretofore. It provided for probation officers and gave them important duties but made no provision for the payment of their salaries or expenses. Through the efforts of a couple of societies, the Chicago Woman's Club and a few interested persons the services of three officers were given to the court. This number has been increased to twelve. The judge requested the mayor to have an officer in each police district detailed for work with the children's cases and this was at once done. Some individuals have been appointed in special cases. A chief probation officer was secured by having Mr. T. D. Hurley, of the Visitation and Aid Society, appointed assistant corporation counsel and stationed in the juvenile court. In this way it has been possible to carry the law into effect though not so completely as is desired.

The task of a probation officer is not small. The paroled boy or girl must be visited at home. The officer must see that the child goes to school or keeps regularly at work. He must labor with the parents to remove friction and help them to make the home attractive. The paroled boy is made to feel that the probation officer is a friend to whom he may appeal for assistance yet he realizes that this friend may, at times, speak with even greater authority than a teacher or

parent. The relation between the child and the probation officer often becomes very intimate. The influence upon the child varies, of course, but is often great. The child knows that an unfavorable report may result in his recall and possibly in his commitment to an institution. The knowledge of this constant oversight, and the further realization that it is harder to work upon the sympathy of the officer than upon that of the parents, tends to keep the boy in the right way.

Nor is the influence of the probation officer upon the home life and the rest of the family to be ignored. A tactful officer becomes a welcome guest in many a home, for the mother is mindful of the fact that in the officer she has an ally in preserving order. Lessons of neatness and cleanliness may be given and the tone of the family raised. Again the knowledge that severe measures may be taken, if necessary, spurs on negligent or unwilling parents to better things and reacts to the benefit of the child.

The court room itself is an interesting place. It is Monday morning and the cases of dependent children are being heard. The judge is in the chair. Behind him is a group of visitors. Below, on the left, is the jury, and beside them the probation officers and representatives of various societies. In the rear, quite out of hearing of the evidence, are the children whose cases are being tried and behind them the friends and witnesses. The clerk cries: "The case of Victoria Ratthowski." The witnesses come forward and are sworn. The representative of a children's society outlines the case. Victoria had been picked up on the street. She had been begging and had a basket in her hand. Once before she had been found begging but had given a false name and address. This time the agent took her into custody and filed a petition in the court. Through an agent of the Bureau of Associated Charities the parents were found. The girl had told a pitiful story of an absent father and a mother unable to work, and of great poverty. On investigation the absent father proved to be in the employ of the city, earning some ten dollars per week and owning his home. The invalid mother proved to be a robust woman. There is little defense. It is clear that the parents have sent the child to beg though they deny it. The judge grows stern. It is an aggravated case. At first the judge thinks to send the child to an institution. Finally he calls the parents before him, tells them of the great offense they had committed and, on their promise that the girl will be sent to school and not to beg, he allows them to take her home. A probation officer is appointed to look after the case and the family is given a chance to redeem itself. Cases of all sorts follow. All are sad, some pathetic, some heartrending. The judge listens patiently to each and makes such order as seems best. Two

boys whose mother is unable to care for them for a time are sent to an industrial school conducted by the Catholics as the mother is a member of that church. A deserted child is given to a child saving society. A man asks for the custody of a child left at his home some years ago. This is granted subject to the approval of the Children's Home and Aid Society.

On Monday, Wednesday and Friday afternoons the delinquent cases are heard. The boy truant becomes the boy mischievous and innocent mischief is rare in a big city. Junk dealers encourage the boys to steal lead and brass. Evil companions get him into trouble. If possible the judge will put the boy on parole unless home conditions are too bad, and if the record of the boy is fairly good. How successful this work of probation may be it is hard to say. Massachusetts seems satisfied with her experiment and other states are following her lead. Much has been accomplished in Illinois though the probation officers are overworked. Imagine successful and satisfactory work with one hundred boys paroled to one officer in addition to his other duties! Out of 1,339 delinquent boys before the court during the year ending June 30, 1900, 1,095 were paroled, and of these only 203 were returned to the court. There were also released from the city reformatory on parole 256 boys of whom but 23 were remanded.

Appreciation of the value and importance of the court grows steadily. The judge had few precedents when he began and had to feel his way. To-day he is the enthusiastic advocate of the court. The other circuit judges who have acted as supply judges have become much interested in the court. Venerable Judge Tuley said: "The juvenile court is the greatest work of the kind ever undertaken in Illinois. More can be done in ten years in the juvenile court to suppress crime than can be accomplished in fifty years in the criminal court." The state's attorney has said that the expenses of the criminal court have materially decreased because of the operation of the law. Before the enactment of the law there were constantly from forty to fifty boys in jail awaiting hearing. During the last year only thirty-seven boys were held for the grand jury from the juvenile court.

Results may not be measured so soon. Gains however are evident. Because of the court much of the practice of the shyster police court lawyer is gone. It is now possible to get at the child beggar in an effective manner and begging is becoming more unpopular. Baby farms are coming under the purview of the court. Parents are learning that it is not safe to neglect their children. Many people are learning for the first time to respect law, particularly applied law. Whatever defects there are, and there are many, whatever additions

are needed, this much is true, that the child is being cared for in Cook County to-day as never before in its history and the outlook is encouraging for better things to come.

CARL KELSEY.

Chicago, Ill.

MEETING OF THE AMERICAN ECONOMIC ASSOCIATION.

The thirteenth annual meeting of the American Economic Association was held in conjunction with the annual meeting of the American Historical Association at Detroit and Ann Arbor, December 27, 28 and 29, 1900. The program presented a happy blending of topics of practical and of theoretical interest and brought together the representative gathering of economists from all parts of the country which has become usual at these meetings. The plan of varying the second day of the session by shifting the place of meeting from Detroit to the seat of Michigan's great university, met with general favor and, as it was carried out, added substantially to the pleasure of those in attendance.

The topic for the first morning session was "The Taxation of Quasi-Public Corporations." Papers were presented by Dr. Frederic C. Howe, of Cleveland, and Frederick N. Judson, Esq., of St. Louis, and the discussion was participated in by Professor E. R. A. Seligman, of Columbia University, James B. Dill, Esq., of New York City, Professor William Z. Ripley, of the Massachusetts Institute of Technology, and others. In his paper Dr. Howe emphasized the difficulties which decisions of the Supreme Court under the commerce clause of the Federal Constitution oppose to the equitable taxation of transportation companies by the states. He advocated franchise taxation, secured by ascertaining the value of the bonds and stock of taxable corporations and using this as an index of their taxable value as the best means which the courts have left open to state legislatures for imposing their just burdens upon such businesses. Mr. Judson, in his paper, called attention to the prevalence of double taxation and suggested means by which it might be avoided.

The first joint evening session was devoted to an address of welcome by the Hon. William C. Maybury, Mayor of Detroit, and to addresses by Professor Richard T. Ely, President of the Economic Association, and Mr. John Ford Rhodes, who took the place of Dr. Edward Eggleston, President of the Historical Association. Dr. Ely's address was on "Competition: Its Nature, Its Permanency and Its Beneficence." He emphasized the benefits of competition and the necessity of its being regulated in some forms of industry. His chief conclusion was that where combination and monopoly restrict socially desirable competition, state control should intervene to insure its continuance.

The second joint morning session was devoted to the "History and Problems of Colonization." Professor Paul S. Reinsch, of the University of Wisconsin, presented a paper on "French Experiments with Political Assimilation in the West Indies." His conclusion was that these experiments had signally failed and that there was much dissatisfaction in France over the present situation. The next paper was by Professor Morse Stephens, of Cornell University, and dealt with "The Turning Points in the History of British Administration." The paper is to be reprinted in expanded form as the introduction to that writer's forthcoming volume of Lowell lectures on "The History of British Administration in India." Professor John H. Finley, of Princeton University, then read a paper on "Our Puerto Rican Policy." He described the island, its people and its political institutions as they had appeared to him during a recent visit, and concluded that a territorial form of government would secure all of the advantages of the present system of dependent administration and at the same time would prove politically simpler and more acceptable to the Puerto Ricans. The discussion which followed was participated in by Professor Henry E. Bourne, of Western Reserve University, and Professor Charles H. Hull, of Cornell University, Dr. J. H. Hollander, treasurer of Puerto Rico, who had been announced to read a paper on "The Finances of Puerto Rico," was unable to be present.

The first afternoon session was given up to a discussion of "Commercial Education." Professor E. J. James, of the University of Chicago, President of the Academy, read a paper on "The Relation of the Universities to Higher Education." His principal conclusions were that the time was ripe for the introduction of commercial courses into the curricula of American colleges and universities; that while such courses should make the study of economics, political science and history the basis of instruction, they ought also to include technical studies in the same way as do engineering courses, and that a well co-ordinated commercial course was as well suited to collegiate instruction leading to the bachelor's degree as the more familiar classical or scientific course. Professor James' paper was discussed by Professor F. H. Dixon, of Dartmouth College, Professor W. A. Scott, of the University of Wisconsin, Mr. C. N. Baker, editor of the *Engineering News*, Professor D. R. Dewey, of the Massachusetts Institute of Technology, and Professor Loos, of the University of Iowa. The balance of opinion seemed favorable to the plan of an undergraduate commercial course as a regular part of the curriculum of every well-organized college, though the first speaker expressed a preference for graduate schools of commerce comparable with the more advanced law and medical schools of the country. The second paper of the

afternoon was presented by Professor L. M. Keasbey, of Bryn Mawr College, and treated of "The Study of Economic Geography." The central thought of this paper was that this study must form the basis of fruitful work in the field of economics and that its neglect accounts in large measure for the backward condition of the latter science. Professor Charles W. Haskins, of New York University, read a paper on "The Science of Accounts in Collegiate Commercial Education," which emphasized the importance of accountancy in the curriculum under discussion, and suggested the line which instruction on this subject should follow to afford the most valuable results.

The first paper on the program for the the third morning session, by Professor T. B. Veblen, on "Industrial and Pecuniary Employments," had to be omitted on account of the author's unavoidable absence from the meeting. The second paper was presented by Professor F. A. Fetter, of Leland Stanford Jr. University, and discussed "The Next Decade in Economic Theory." The author's conclusions were based on a review of recent progress in economic speculation, and were, (1) the labor theory of value must be abandoned as untenable; (2) the doctrines of rent and interest must be recast and the conceptions employed to distinguish different modes of calculating the return to material goods rather than returns to different agents in production; (3) the concept of capital must be given a place in economic theory proportionate to its place in modern business and redefined in harmony with present-day conditions. Professor Fetter's paper was discussed by Professor F. M. Taylor, of the University of Michigan, Professor Seligman, Professor E. A. Ross, of the University of Nebraska, and Professor C. A. Tuttle. The last feature of the program was the presentation of the report of the Committee on Uniform Municipal Reports, consisting of M. N. Baker, Esq., Professor H. B. Gardner, of Brown University, Professor Charles J. Bullock, of Williams College, Professor Edward W. Bemis, of the Bureau of Economic Research, Dr. E. Dana Durand, Secretary of the Industrial Commission, and Mr. F. R. Clow, of the Oshkosh Normal School. This report, together with some pertinent articles by Mr. Baker, the chairman of the committee, has already been printed by the association and may be had from the secretary, Professor Charles H. Hull, of Cornell University.

The officers of the association for the coming year are: President, Professor R. T. Ely; vice-presidents, Theodore Marburg, Esq., and Professors F. M. Taylor and J. C. Schwab; and secretary and treasurer, Professor Charles H. Hull.

Before adjournment it was decided to hold the next annual meeting at Washington, D. C. H. R. S.

PROCEEDINGS OF THE ACADEMY AND BUSINESS ANNOUNCEMENTS.

Report of the Sixty-ninth Scientific Session, Held in Philadelphia, January 15, 1901.

This meeting was called to order by the First Vice-President in the New Century Drawing Room, at 8.10 p. m. The subject was "Recent Tendencies in Free Political Institutions." The address of the evening was given by Dr. J. L. M. Curry, ex-Minister to Spain and General Secretary of the Peabody and Slater Educational Funds, and was listened to with rapt attention.

Dr. Curry, first of all, called attention to common misunderstandings about the meaning of democracy, pointing out that it does not mean that the people in the aggregate rule, nor even that a majority of the people rule. Governments are democratic only in contradistinction to hereditary monarchy and aristocracy. Pure democracy does not exist and on the basis of it government could not be created. Continuing, Dr. Curry said:

"Perhaps the most characteristic feature of our republics, that which most differentiates them from a democracy or absolutism, is that they are *representative*, and evidence of marked advance toward popular institutions is to be found in the parliaments in Germany, Austro-Hungary, Italy and Spain. The Boers grouped their grievances under one head: 'We ascribe all these evils to one cause, namely, the want of a representative government, refused to us by the executive authority of that same nation which regards this very privilege as one of its most sacred rights of citizenship, and that for which every true Briton is prepared to give his life.' It is sometimes said that representatives are chosen because the people in the aggregate cannot conveniently or possibly assemble together. They do not assemble because they ought not. A mass meeting, *ex vi termini*, excludes deliberation and implies passion, prejudice and hasty judgment. In strictness, the population of no country ever governs itself. It can only accept the governing act of representation. This political discovery of the English race, antidote to the fundamental infirmities of a pure democracy, to the despotism of the rabble, is an expedient for collecting peacefully and systematically the general voice, the national will, and formulating it into public acts. It limits the dangerous power and guards against the delusions of the populace and

substitutes experienced and capable men for those incapable of any judicial or legislative function. It seems incontestable that the wars of the last fifty years—notably the Crimean, the Franco-Austrian, the Franco-German, the Spanish-American, the Anglo-African—were principally due to the pressure brought to bear upon governments by popular passions. Democracy has been favorable to colonial passion, to war rather than to peace. The *vox populi* has no potency, no efficacy, except as uttered by and through representatives legally chosen in accordance with preordained and specific directions. The tendency of legislation, of popular assemblage, to violate written constitutions, usurp authority, transcend legitimate functions, is one of the perils which most menace our free institutions. . . . It cannot be too often repeated that a constitution violated is not a constitution abrogated. Our constitution, which elicited highest encomiums from De Tocqueville, Macintosh, Gladstone, Brice, Freeman and Maine, is sometimes unfavorably compared to the English, which being unwritten is flexible and readily adjusted to changing environments. One of the chiefest excellencies of our organic law is the easy method of amendment, which rests in certain determinate bodies—the constitution-making power—and it is revolution or usurpation to look elsewhere for the source of constitutional law. This peculiarly American provision is not averse to progress, does not mean that we are to be hindered by the swaddling-clothes of the last century. The question is by what process shall changes occur? What is resisted is that form and substance of the solemn compact can be changed by acquisition of territory, by the varying breath of popular opinion, by the discretion of a partisan majority in Congress. The only safe doctrine, as held by the framers of our federal system, is that the rights and powers of the United States Government are defined and limited by the federal constitution, and these rights and powers cannot be enlarged or diminished, except by an amendment in proper form to the instrument. . . .

"Political institutions are for the good of the governed. That is fundamental. Often there are conspiracies against the general interest which must be exposed and defeated. The preference of partial to general interest is the greatest of all public evils. One rule of universal application, a sure preventative, is, if you do not want to hurt me, put it out of your power to do so. The law should create no factitious inequalities, confer no partial advantages, should apply to all alike."

The speaker next called attention to certain retrogressive tendencies in England, especially to the injustice which has been shown to Ireland, the sectarianism in education, and the indifference to such questions as reforming the House of Lords, amending the electorate,

enlarging local government, disestablishing the church and abolishing favoritism in the aristocracy. Continuing, he said:

"We are vitally concerned with retrogressive tendencies or the decadence of Liberalism in our own country, using Liberalism in the words of Chamberlain before his defection, as the expression of the law of progress in politics, bringing changes into complete harmony with the needs and aspirations of the people. The most purblind partisan can hardly deny that power is passing rapidly from the states to the Central government, and that the national maelstrom, in its wide and resistless sweep, is absorbing powers which by our sagacious fathers were most carefully guarded against such extinction. For nothing did they make such vigorous efforts as in behalf of state governments as an essential part of our complex system. Centralization diminishes the importance of and love for the state. We forget that the states protect the most sacred and valued relations of life, and when we degrade them to provinces or assimilate them to counties, we are departing from home rule, local self-government, and the principles and practices of the purer days of the republic. It is sought to turn divorces over to Congress, thus transferring state jurisdiction over property questions to the federal government. Mobs are to be suppressed by the armies of the United States. Formerly states offices were magnified and federal offices sometimes declined. John Hancock, as governor of Massachusetts, disputed for precedence with George Washington, the President. John Jay resigned the chief justiceship of the Supreme Court to be governor of New York. Two Pinckneys of South Carolina, Tucker of Virginia, Livingston of New York, Walker and Smith of Alabama, declined positions on the Supreme Bench. Now position and preferment are sought on the claim of services to a national party. The strengthening of the national government is always to the benefit of organized interests, of concentrated wealth, at the expense of the states as civil organisms and of the people at large. . . .

"Professor Reinsch, in his admirable book on the 'World's Politics,' says that the cause of good government suffers when public attention is centered on national glory abroad, and less thought and energy are kept for the regulation of home affairs. Colonial questions, foreign wars—despite arbitration conferences, militarism—absorbing every penny that taxation can be made to yield, territorial expansion, so absorb energies and engross the time of the executive and the legislature that social and internal legislation becomes less urgent and adequate measures are not devised for great evils. Exertions for social betterment and purer methods in politics have already sustained impairment from this excessive interest in foreign affairs. . . .

"Strong as are these tendencies I am not a pessimist, not a prophet of evil, certainly have not despaired of free institutions. I fully believe in the success and welfare of our country and in its broad and beneficent influence upon the world in the twentieth century. Our patriotic and popular Chief Magistrate recently proclaimed in this city 'Liberty has not lost but gained in strength.' I have no doubt myself of his sincere and faithful purpose to make good that hopeful declaration. Our relations to Cuba and Porto Rico are not altogether of our choosing, but our responsibilities for good government, civil and religious liberty, wise and beneficent laws, must be met and can only be met by holding them as constituent parts of our country, under the same constitution and the same flag. The loss of popular liberty would be a catastrophe too serious not to be averted at any cost. The agencies, preventive and curative, are too many and powerful to allow the threatened perils to befall us. We have as aids the irrepressible energy of civil and religious liberty, useful training in self-government, the omnipotence of the people when aroused from lethargy and impelled by a strong conviction, a lively sense of personal responsibility, a well-grounded hope of larger achievements for freedom and humanity, the inspiration which springs from free schools for all the people, electors beginning to think and act for themselves with more and more enlightenment against demagogism, and Christianized society, vitalizing motives and deciding questions not on Utopian altruism or Machiavellian selfishness, but according to the highest moral standards. Education is a debt due to posterity from the present generation. The most effective way to make popular government a beneficent fact and influence is to lift the masses, all the citizenship, to higher moral and intellectual altitudes. It is character, not institutions, which makes good citizenship. A government whose citizens are ignorant, base, venal or corrupt, is not far away from anarchy or despotism. With these and other helpful influences wrong tendencies may be counteracted, and what has been imperfectly done may be carried on to a better consummation. This government of ours, model of all republics, grandest achievement of all political wisdom, a constitution rightly interpreted in its unity capable of extension over the whole of North America, inspiration and hope for all peoples struggling for liberty, has in itself the seeds of fruitage for the healing of the nations."

Following Dr. Curry's address Dr. Albert Shaw, editor of the American *Review of Reviews*, spoke in most complimentary terms of Dr. Curry's generous and unstinted labor for the public good, saying that "it is the men who believe in things, and who take stock in the future, that really care enough to fight valiantly for the preservation

and transmission of whatever may be worthy in our own institutional heritage." He, therefore, admitted the value of most of Dr. Curry's criticism but stated that he believed, nevertheless, in the value and in the reality of those social phenomena that men sum up under the general word "progress." He said: "I believe that we live in a world that has been appreciably growing better for a good while past, and that continues to improve; and I also think that there are far better days ahead for the average man. I have never found it possible to believe very deeply in the superior few. Far from holding that the mass of men exists for the sake of the development of the exceptionally superior person, I take it that the superior person is merely a useless accident except as he devotes his more perfect intelligence—or the finer powers that go with his sound and symmetrical manhood—to the practical benefit of his fellow-citizens at large.

"It is a mere quibble to say that there is no such thing as the 'average man,' and that average progress is a fallacy rather than a concrete fact. It is, however, to be noted that what we may call progress is by zigzag rather than by direct lines. Thus in a given period in a given community there may be great progress in ordinary social self-control,—the settling down of the community, the acquisition of the habit of order." Mexico was cited as an illustration. Other illustrations showing the improvement in the economic condition of the average man were quoted. It was claimed that in spite of the disappointment at the result of constitutional liberalism in many countries that not enough attention has been paid to the influence which the spirit of popular institutions has exercised upon both the aims and the methods of institutional life and work in countries where the forms of popular self-government have not been fully adopted. The very considerable progress in Russia in wholesome local life, in improved agriculture, in education, and in the average effectiveness of the units of population, was cited to substantiate this point. In reference to Germany, Dr. Shaw said that the Germans are a great family, aristocratic institutions counting for less in reality than in form. He cited many illustrations of popular progress, and, continuing, said: "Thus, when I go into a German city and find a high development of sanitary administration in the interest of the whole community, an educational system marvelously adapted to the practical needs of the people, and a system of public charity more comprehensive and satisfactory than anywhere else in the world, I say to myself 'Surely, these things and many others like them are the tangible evidence of a great and real progress of the people;' and since the people are thus making progress, can they not be trusted to take

care of themselves as against that possible day when imperial tendencies may seem to threaten the general good?

"My point merely is that if those free and equal political institutions, which were the dream of the German patriots of '48, have indeed fallen far short of realization in Germany, there has been in another way a splendid and truly popular social development; and in keeping with this development of popular life there has come about a real transformation in the spirit of higher institutions of government even while they have retained mediæval forms of nomenclature.

"Thus the institution of monarchy has been retained in England, as Dr. Curry has well shown, solely because it has changed its essential character and has recognized the necessity of its keeping a hold upon the public conscience by its constant regard for the public welfare. I should be in a false position if I became even for a moment an apologist for the English aristocratic system. I have not only no arguments to advance for the continued existence of the House of Lords, but I have never read or heard what seemed to me even a plausible excuse for the retention of that constitutional anomaly; nor do I regard its retention as chiefly due to British ingrained conservatism or reverence for things ancient. I make no reference to individuals in either case, but only to political institutions, when I say that I have no more respect for the British House of Lords as a fixed institution than for the American Tammany Hall as a fixed institution. The higher the personal intelligence and personal character of individuals making up a favored hereditary caste, the more glaring is the inconsistency of their firm retention of privilege. I agree, therefore, with all that Dr. Curry has said in his allusions to the higher structure of the British Government. There is no government in the world of which I have so poor an opinion, measuring it, of course—in the historical spirit—by what would seem to have been the possibilities of constitutional evolution in England—and I need not say again that I have no reference to the individuals who make up the government." Dr. Shaw, nevertheless, called attention to the fact that town government in England is representative and popular in its structure and method, and that here also there are signs of popular progress. In reference to imperialism, both in England and in America, Dr. Shaw spoke as follows: "Certainly we do not live in a time especially favorable to the creation of small independent political sovereignties. On the other hand it seems to me that we do not live in a period that shows a dangerous tendency towards the extinction of real political liberties. There has been both excitement and anxiety, however well suppressed, in the recent discussions at Havana, for instance, having to do with all these matters. Yet it would be impossible for the

United States to exercise despotic government over Cuba; and plainly the practical danger that confronts the Cubans for the next twenty years is not too little freedom from the general oversight of the United States, but just the opposite. Hawaii as shown by the recent election, is already entering upon a far higher measure of actual freedom in the exercise of popular self-government than at any period or any moment heretofore in the history of that group of islands. As for the Philippines, the only possible opportunity that they have ever had,—in any epoch or period from which history even slightly withdraws the veil, for the establishment of free political institutions, has been the chance offered to them through the fact of the general sovereignty of the United States. Far from withholding from them any measure of political freedom that could have any bearing upon their actual well-being, the eagerness of our government to thrust free institutions upon these people who have never by experience known anything about them, has had a semi-humorous and a semi-pathetic aspect." Concluding Dr. Shaw said: "The expansion of our own territorial jurisdiction in the past, far from causing a reversion to systems that disregard human rights and freedom, has had results visible in the creation of the great free commonwealths erected in our annexed territory from the Mississippi to the Pacific Ocean. And I think that like results are now to be seen in the new government of Hawaii; in that of Porto Rico; in the code soon to become law for the self-government of Alaska; and in the tedious but creditable work of assimilating the Indian Territory. May we not hope that the determination of President McKinley to establish modern self-government in the Philippines may also show encouraging results in a not very distant future?

"After all, good men must in due time make good communities under appropriate modes of government; and in the wise education of children lies the great hope for future political freedom."

Dr. James T. Young, of the University of Pennsylvania, was called upon to close the discussion. He pointed out the natural development of the United States through the concentration of industries to the centralization of power in fewer hands. He attributed this to purely natural causes due in part to the improved means of communication, both intellectual and material, between the people of the United States resident in different parts of the country. He pointed also to certain tendencies to a world-wide extension of this concentration of power, citing as an illustration the successes attending the organization of the National Postal Union.

He also distinguished between administrative centralization, in which the central government actually exercises all power directly,

and central administrative control, in which the local governmental bodies exercise power in the supervision of the central authorities. The speaker claimed that central control over local activity was not open to the same objections as centralization. Where local bodies exist, even though they may be controlled by central authorities, the citizen is given considerable opportunity for political training and education by his activity in the local government. Where they do not exist the opportunity for political education is limited. His main thesis was that our attitude toward this tendency should not be one of hostility but rather of welcome.

Report of the Annual Business Meeting of the Academy.

The annual business meeting was held in the lower hall of the College of Physicians and Surgeons, in accordance with the provisions of the by-laws, on the third Monday in January: to wit, January 21, 1901, at 4 p. m. It was a well-attended and enthusiastic gathering of those interested in the conduct of the affairs of the Academy. The minutes of the last meeting were read and approved, the treasurer's report accepted and ordered filed, and the report of the board of directors of the Academy during the calendar year 1900 was read and discussed. The report of the directors called attention to the fact that the membership of the Academy remained at about the same high figure as at the same date last year. Attention was also called to the need of better housing facilities for the Academy's work, especially for its library. The meetings of the year were reviewed and attention was called to the publications of the Academy. Six numbers of the ANNALS, comprising two volumes, aggregating 1,030 pages, and two supplements, of 208 pages and 72 pages respectively, were issued, in addition to which three bulletins containing announcements were also sent to members, making in all 1,340 pages of printed matter sent out to the members of the Academy during the year 1900. The report stated that "all of these publications were sent free to members and in addition each member is entitled to cards admitting four invited guests to each of the meetings of the Academy. It is possible to continue these privileges only through economical management and the maintenance of a large membership. This economical administration is secured through the fact that the whole conduct of the Academy's affairs, both in editorial and business matters, and in connection with our meetings, is a labor of love on the part of all concerned. There are no salaried officers; no compensation is paid to speakers; and only necessary clerical expenses in the conduct of the business and editorial work of the Academy and the traveling expenses of speakers and expenses for entertainment are paid for out of its treasury. In recog-

nition of this missionary spirit that has thus far characterized the work of the Academy, the directors feel that it is not unreasonable to expect that each member will endeavor to do his share to promote its interests and to extend its influence, and through personal effort to add to its membership such of his friends and acquaintances as he may think would be interested and willing to co-operate in its work or would profit by the privileges of membership. Several members have during the past year qualified as life members by paying one hundred dollars, which exempts them from all future assessments or dues. It is highly desirable that more members should take this step in order that the work of the Academy may be put upon a solid basis. The money from life-membership fees is permanently invested. The report also showed that the accounts of the Academy had been audited by professional auditors and found correct. The securities representing permanent invested funds have a par value of $5,000, but their market value is somewhat above that amount. They are yielding over 6 per cent interest. The expenses of the last annual meeting and the cost of publication of the supplemental volume containing a report of that meeting and the addresses then delivered were met through the sale of this volume and through contributions to a special fund.

The Academy has sustained through death during the past year the loss of an unusually large number of members, many of whom were men of exceptional ability as leaders of life and thought in their respective communities. The following list is as complete as it is possible to make it from the records of this office; notices should be sent of any omissions in the list: H. H. Aldrich, Chicago, Ill.; Dr. William Bishop, Salina, Kan.; Dr. J. M. Da Costa, Philadelphia; Dr. F. Humphreys, New York City; Dr. Vincent John, Innsbruck, Austria; Oswald Ottendorfer, New York City; Frederick Meredin Peterson, San Francisco, Cal.; John Polson, West Mount, Paisley, Scotland; Charles Pratt, Toledo, Ohio; H. W. Reed, San Nicolas del Oro, Mexico; A. J. Rooks, Sommerville, Tenn.; Matthew Semple, Philadelphia; Thomas G. Shearman, Brooklyn, N. Y.; Professor Henry Sidgwick, Cambridge, England; Henry Villard, New York City; Dr. Charles Voorhees, New Brunswick, N. J.; Isaiah Wears, Philadelphia; Oren W. Weaver, Washington, D. C.; Hon. William L. Wilson, Washington and Lee University, Lexington, Va.

The term of office of three directors expired, to wit: Dr. Roland P. Falkner, Chief of the Bureau of Public Documents, Washington, D. C.; Professor Leo S. Rowe, of the University of Pennsylvania, and Mr. Stuart Wood, of Philadelphia. These three gentlemen were re-elected for a term of three years. The summary of the Treasurer's Report as prepared by the auditors is as follows:

Synopsis of Cash Account for Year Ended December 31, 1900.

Balance:	January 1, 1900, as per last year's report	$1,884 96	
Receipts:	Annual subscriptions	7,119 20	
	Life membership	300 00	
	Special contributions	650 00	
	Sales of publications, etc.	2,148 63	
	Income from investments	320 00	
	Interest on deposits	37 24	
			$12,460 03
Payments:	Clerk-hire and stenographers	$1,651 33	
	Printing, stationery, etc.	6,439 99	
	Office expenses, postage, etc.	1,087 55	
	Advertising	75 90	
	Expenses of meetings:		
	Rent	$130 00	
	Invitations, etc.	176 00	
	Refreshments	250 50	
	Traveling expenses of speakers	176 08	
	Miscellaneous	182 20	
		914 78	
			$10,169 55
Balance:	December 31, 1900, viz.:		
	In Mortgage Trust Co., Penna.	$1,192 34	
	In Centennial National Bank	836 23	
	At Academy Office	61 91	
	With A. S. Harvey, Banker, London	200 00	
			2,290 48
			$12,460 03

The accounts of the Academy were audited and found correct by Messrs. Lybrand, Ross Brothers and Montgomery, certified public accountants, Philadelphia.

The report of the board of directors was discussed and many helpful suggestions offered by the members of the Academy present. There was a general feeling of satisfaction at the prosperous condition of the affairs of the Academy. A vote of thanks to the officers and directors and to the ladies of the reception committee for their services during the year was unanimously adopted. Such hearty appreciation as that manifested in this meeting and that displayed in

the following quotations from two letters received immediately after the meeting, is ample reward to those who have been charged with the conduct of the Academy's affairs. One who has been a member of the Academy from near the beginning of its organization writes: "Please permit me to say that the uniform kindness I have received from the officers of the Academy in reply to requests for information has deeply impressed my heart and endeared them to me. They have spared no labor or trouble to render me the desired assistance." Another member, of almost equally long standing, writes: "The work of the Academy is certainly most successful, satisfactory and advancing and I extend to you my personal appreciation, etc."

Election of officers.—At the meeting of the board of directors following the annual business meeting, the board was reorganized for the work of the year and officers elected. A communication from the president of the Academy, Professor Edmund J. James, of the University of Chicago, asking that his name be not considered for re-election, was read. After many expressions of regret, in which every member of the board present shared, that Professor James felt himself compelled to decline to serve longer in an active official capacity, the board proceeded to an election of officers, which resulted in the unanimous election of Professor Samuel McCune Lindsay, first vice-president and acting president since 1898, as president of the Academy; Professor Leo S. Rowe, who had served during the past year as secretary of the Academy, as first vice-president; and Professors Franklin H. Giddings, of Columbia University, and Woodrow Wilson, of Princeton University, as second and third vice-presidents respectively. Mr. Stuart Wood was re-elected treasurer, and Dr. James T. Young, of the University of Pennsylvania, who is known to the readers of the publications of the Academy as Editor of the Book Department of the ANNALS, was elected secretary; Mr. Clinton Rogers Woodruff was re-elected counsel; and Professor John L. Stewart, of Lehigh University, was re-elected librarian.

Correction of typographical error in the January Annals.—The editors of the ANNALS beg to call the attention of our members to a typographical error in the January ANNALS in the signature to the article by the Chinese Minister, His Excellency Wu Ting-fang. The words "Chinese Embassy, Washington," on page 14, should read "Chinese Legation, Washington." Also, on page 9, in line 9 from the bottom of the page, the phase "with a few exceptions" should be inserted after the word "but."

PERSONAL NOTES.

University of Chicago.—Since going to Chicago in February, 1896, Professor James has held the chair of Public Administration and has had charge of the Extension Division of the University. He organized and was for two years Dean of the College for Teachers, a department of the University established to offer special facilities for higher instruction to the teachers in the public schools of Chicago. Its success was so immediate and decided that its relation to the University was made more intimate, and under the name of the University College it has become the down-town centre of work for the institution.

He was appointed in 1897, by the Governor of the State, a member of the Board of Trustees of the Illinois State Historical Library, and was shortly after elected vice-president of this board. In this capacity he took up and pushed through to success a project often proposed, but never before carried out, for the formation of a State Historical Society. He also inaugurated the plan of publishing a series of historical monographs on the early history of the state, having contributed himself three numbers to the series.

He was appointed by the Secretary of State to represent the United States at the International Congress on Commercial Education, held at Antwerp in May, 1898.

Professor James was offered the presidency of the University of Cincinnati in May, 1899. He spent the academic year 1899–1900 in Europe, chiefly in Paris and Berlin, engaged in the study of problems of municipal administration.

Publications by Edmund J. James since 1895 :[1]

"*An Early Essay on Proportional Representation.*" ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Vol. VII, pp. 233–252, March, 1896. Philadelphia, 1896.

Reprinted as No. 168 of the Publications of the American Academy of Political and Social Science.

"*An Examination of Bryce's American Commonwealth.*" ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Vol. VII, pp. 377–410, May, 1896. Philadelphia, 1896.

Reprinted as No. 172 of the Publications of the American Academy of Political and Social Science.

Review of *Black's* "*Hand-Book of American Constitutional Law.*" ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Vol. VII, p. 475, May, 1896. Philadelphia, 1896.

[1] ANNALS, vol. vii, pp. 78, January, 1896.

Review of *Barrington's "Fallacies of Race Theories as Applied to Race Characteristics."* ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Vol. VIII, p. 167, July, 1896. Philadelphia, 1896.

"The Free Text Book Question." Address before the Illinois State Teachers' Association, December 30, 1896. Springfield, 1897.

"The First Apportionment of Federal Representatives in the United States." ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Vol. IX, pp. 1–41, January, 1897. Philadelphia, 1897.

Reprinted as No. 189 of the Publications of the American Academy of Political and Social Science.

"The Place of the Political and Social Sciences in Modern Education and their Bearing on the Training for Citizenship." ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Vol. X, pp. 359–388, November, 1897. Philadelphia, 1897.

Reprinted as No. 216 of the Publications of the American Academy of Political and Social Science.

"Training for Citizenship." Address delivered before the Central Illinois Teachers' Association, Galesburg, March 26, 1897. Paris, Ill., 1897.

"The Relation of Business Men to Commercial Education." Address before the Missouri Bankers' Association, June 10, 1897. Journal of the Missouri Bankers' Association, 1897.

"Relation of the State University to Commercial Education." Address before the University of the State of Missouri, 1897.

"The Training of the Citizen." National Herbart Society. Third Yearbook, 1897.

"The Modern University." Commencement Address before the University of California, June, 1898. University Chronicle, Berkeley, Cal., 1898.

"The Education of Business Men in Europe." University of Chicago Press, Chicago, 1898. A reprint of the report made to the American Bankers' Association in 1892.

"The University of Chicago College for Teachers." Address at opening exercises of the college. University Record. October 28, 1898.

"The Growth of Great Cities in Area and Population." ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Vol. XIII, pp. 1–30, January, 1899. Philadelphia, 1899.

Reprinted as No. 243 of the Publications of the American Academy of Political and Social Science.

"The Kindergarten and the Public School." Appendix B to the Report of the Educational Commission. Chicago, 1899.

"*Commercial Training in the Public High Schools.*" Report of the Educational Commission of the City of Chicago, appointed by the Mayor January 17, 1898, Chicago, 1899. Pp. 208–217. Reprinted by the University of Chicago Press, Chicago, 1900.

"*The Work of a City University.*" Commencement address before the University of Cincinnati, July, 1899. Cincinnati, 1899.

"*Bibliography of Newspapers Published in Illinois Prior to 1860.*" Number I of the Publications of the Illinois State Historical Library, Springfield, Ill. Phillips Bros., State Printers, 1899. Pp. 94.

"*Information Relating to the Territorial Laws of Illinois, passed from 1809–12.*" Number II of the Publications of the Illinois State Historical Society, Springfield, Ill. Phillips Bros., State Printers, 1899. Pp. 15.

"*The Charters of the City of Chicago.*" Part I, The Early Charters, 1833–37. University of Chicago Press. Chicago, 1898. Pp. 75. Part II, The City Charters, 1838–51. University of Chicago Press. Chicago, 1899. Pp. 115.

"*The Government of a Typical Prussian City, Halle a. S.*" ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Vol. XV, pp. 313–354, May, 1900. Philadelphia, 1900. Republished as No. 274 of the Publications of the American Academy of Political and Social Science.

"*Street Railway Policy in Berlin.*" ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Vol. XV, pp. 437–440. May, 1900. Philadelphia, 1900.

"*Notes on Municipal Problems in Berlin.*" ANNALS OF THE AMERICAN ACADEMY OF POLITICAL AND SOCIAL SCIENCE, Vol. XV, pp. 477–480. Also p. 483, May, 1900. Philadelphia, 1900.

"*Political Relations Between the United States and Europe.*" Four articles in the Chicago Tribune in 1900.

"*Commercial Education in the United States.*" Monograph for Educational Exhibit of the United States at the Paris Exposition. Albany, 1900. Pp. 51.

"*Municipal Lighting in a Typical German City, Halle a. S.*" Municipal Affairs. Vol. IV. Pp. 574–594. September, 1900. New York, 1900.

"*The City Council of Berlin.*" The American Journal of Sociology, Vol. VI, p. 407–415, November, 1900. Chicago, 1900.

"*The Metropolitan Underground Railway in Paris.*" Report of the Street Railway Commission to the City Council of the City of Chicago, December, 1900, pp. 124–136. Chicago, 1901.

"*The Finances of the City of Berlin.*" Chicago Tribune, January 12, 1901.

"*The Street Railway Franchises of the City of Berlin.*" The Journal of Political Economy, Vol. IX, March, 1901. Chicago, 1901.

"*The Relation of Our Schools and Colleges to Higher Commercial Education.*" Address before the American Economic Association, Detroit, December 27, 1900. Publications of the American Economic Association, 1901. New York, 1901.

"*Municipal Ownership of Quasi-Public Utilities.*" Address before the Merchants' Club of Chicago, November, 1900. Chicago, 1901.

"*The Territorial Records of Illinois.*" Number III of the Publications of the Illinois State Historical Library, Springfield, Ill. Phillips Bros., State Printers, 1901.

Canada.—Mr. W. L. Mackenzie King was appointed, in July, 1900, editor of the "Labor Gazette," the organ of the newly-created Department of Labor of Canada. He has since been appointed Deputy Minister of Labor for Canada. Mr. King was born December 17, 1874, at Berlin, Canada. He graduated from the University of Toronto in 1895 with the degree of B. A., having received first class honors in Economics, Political Science and History throughout his course. During the year 1895–96 he was on the staff of the "Toronto Globe." In 1896 he received the degree of LL. B. from the Law Department of the University of Toronto. He was Fellow in Economics in the University of Chicago during the year 1896–97. While in Chicago he was a resident of Hull House and assisted Dr. Henderson in his book on "Settlements." In 1897 Mr. King prepared a report on the methods adopted in Canada in the carrying out of government clothing contracts. This report was made the basis of the "fair wages" policy since adopted by the Canadian Government. During the years 1897–99 he held resident fellowships in Economics in Harvard University, and in 1898 received the degree of M. A. from that institution. He spent the year 1899–1900 in England and on the Continent as a traveling Fellow of Harvard. In June, 1900, he received an appointment as Instructor in Political Economy in that university. This he resigned to accept the editorship of the "Labor Gazette." For the past couple of years he has been making a special study of home industries, public contract work and the sweating system in America and in Europe. During his stay in Europe he was commissioned by the Canadian Government to prepare a report on the methods adopted in European countries to suppress the sweating system in connection with public contract work. He has written:

"*Trade Union Organization in the United States.*" Journal of Political Economy, March, 1897.

"*The International Typographical Union.*" Ibid., September, 1897.

BOOK DEPARTMENT.

NOTES.

MINING ENGINEERS AND GEOLOGISTS, who have occasion to work along economic lines, often feel the need of a compend of economic geology covering the ground briefly and in a methodical manner. Such a work is supplied by the Syllabus of a Course of Lectures on Economic Geology, prepared by John C. Branner, Ph. D., and John F. Newson, A. M., of Stanford University, a second edition of which has recently appeared. The numerous and orderly bibliographical references here given afford as complete a treatment of the subject as the nature of the subject and the necessary condensation of a syllabus will permit. The book consists of a series of headings and brief notes which serve for the most part rather to indicate what should be studied, than to provide any large amount of the detailed information which is to be obtained by aid of numerous references to the literature. The syllabus consists of two parts: (1) An introduction containing notes on the relation of mineral deposits to industry, a brief consideration of the topographic methods and the usual discussion of the classification, origin and features of ore deposits; and (2) a consideration of mineral deposits under the heads of their metals and other useful constituents. Each subject is in general subdivided according to the subtopics: uses, ores, mode of occurrence and distribution, especially in the United States, although these subtopics are not uniformly adhered to, metallurgy and other subjects being introduced in some cases. The work is well illustrated and the illustrations are well selected. An unusual feature is a large number of curves, showing production from year to year of the various minerals in different countries. By use of this work one can get at a moment's notice references to literature bearing upon almost any subject connected with mineral deposits, and herein lies its chief value.

It is much to be regretted that errors of the baldest kind, due apparently to haste in compilation, are so numerous as largely to destroy any value the book might have as a work of reference. It may not be used safely by itself, but only in conjunction with some such standard treatise on ore deposits as that of Phillips or Davies.[1]

[1] Contributed by Mr. H. W. NICHOLS, of the Field Columbian Museum, Chicago.

MR. CARPENTER'S new book on South America[1] was written for the entertainment and instruction of the reading public. The author did not aim to attract the specialist, but rather to give in journalistic style the observations of a traveler. He tells of a journey of 25,000 miles, extending entirely around the continent, including stops at all the chief cities and excursions to many interior points. Mr. Carpenter asked a great variety of questions of all whom he met, and he tells in an interesting way of the results of his inquiries and observations. Naturally the range of subjects is wide, and any one desiring recent information on South American conditions will find some facts along almost any line of inquiry, whether it be geographic, economic, political or social. The author discusses the social condition, both of the Parisian-mannered populations of the capital cities, and of the Patagonian savages, to whom white man's clothing is proving fatal. The book confirms the prevalent opinion that in practice the South American republics are not republics at all, but are ruled by ambitious leaders, who have established virtual dictatorships under the mask of republican forms.

Economic matters receive considerable space, and it is shown that there are great natural resources yet to be utilized. If their development continues it will be because of the activity of the foreigners who already control the bulk of business affairs, the native white race devoting itself chiefly to politics.

There is a good index, which, together with a careful selection of chapter headings, renders it easy to make topical reference to the large fund of information contained in the book.

BARON PIERRE DE COUBERTIN is too omniscient, he hurts our pride. In the preface to "France Since 1814"[2] he tells us that we know nothing about the real history of France in this century; that we have been repeating idle tales, believing in invertebrate legends, and neglecting that metaphysical interpretation of French history which alone is the truth. The only compensation for this is his equally omniscient way of telling the French people that they have always exhibited a peculiar incapacity to profit by their successes, a tendency to lose in victory the force gained in struggle. If the foreigner is lectured so is the Frenchman, and very likely both deserve it.

But M. Coubertin's book is a failure. It is too general and dogmatic for the scholar, too metaphysical and obscure for the people.

[1] *South America, Social, Industrial Political.* By FRANK G. CARPENTER. Pp. 618. Price, $3.00. New York: W. W. Wilson, 1900.

[2] *France Since 1814.* By Baron Pierre de Coubertin. Pp. x, 281. Price, $1.50. New York: The Macmillan Company, 1900.

For whom it is intended we cannot quite see. Furthermore, notwithstanding its claims, it is not always impartial, as witness the treatment of the Panama scandal. It is also either wretchedly written, or, as is more likely the case, poorly translated.[1]

"THE DOLLAR OR THE MAN"[2] is a collection of fifty-six cartoons by Homer Davenport, which are intended to present graphically the trust issue in the last campaign. The selection is made by Horace L. Traubel, who introduces the drawings by a discussion on The Problem, the Cartoon and the Artist. If the trust issue ever becomes of paramount importance in American politics, undoubtedly the drawings in this collection will serve both to teach the historian the evolution of the problem, and to promote the growth of definite ideas among the masses. The guiding principle of the artist is taken from Lincoln—"Both the man and the dollar, but in case of conflict, the man before the dollar."

THERE IS perhaps no book which could command a better marke than a comprehensive history of education in the English language. Various writers have essayed this task but without great success and we are forced to enlist the services of a number of books to complete what might be called a history of education. Laurie's "Historical Survey of Pre-Christian Education" is the text-book for that early period, but on looking over the field after that time it is difficult to name any one or two books that can be fully endorsed. We have of course a multitude of books bearing on different periods and phases, but a comprehensive text-book, historically accurate, impartial and characterized by a good English style is the great *desideratum*. We owe much in education to the late Mr. Thomas Davidson, and in this his last work, he has conferred a great benefit upon those who are interested in the study of education. The "History of Education"[3] is written from a singular standpoint, it emphasizes some phases of educational history which are generally slighted and it is safe to say that there will be no imitation of it, for in it can be plainly seen the mark of an individual mind. This is one of the best features of the book. It does not aim to impart knowledge, to chronicle certain facts, but rather seeks to discover the causes of things. It is the suggestiveness, the stimulation to research and to thought that commends this contri-

[1] Contributed by Professor CHARLES M. ANDREWS.

[2] *The Dollar or the Man.* Pictured by HOMER DAVENPORT. Price $1.00. Boston: Small, Maynard & Co., 1900.

[3] *A History of Education.* By THOMAS DAVIDSON. Pp. viii, 292. Price, $1.25. New York: Charles Scribner's Sons, 1900.

bution to the history of education, and more than any other book on the subject it fulfills the mission of the true text-book—an intelligent suggestiveness rather than an indiscriminate array of facts.[1]

MR. RICHARD HARDING DAVIS publishes under the title "With Both Armies in South Africa"[2] ten interesting chapters of his observations and experiences, first with the English army under Buller at the siege and relief of Ladysmith, and later with the Boers through many experiences in and around Pretoria, up to the British occupation of that city. Mr. Davis wields a trenchant pen, and his observations on both sides of the line have given him an exceptional opportunity for a fair judgment. His chapter on "Pretoria in War-time" deserves preservation, and would make very profitable reading for every English-speaking jingo.

"FINLAND AND THE TSARS"[3] is confessedly a book written to defend a cause, a losing cause unfortunately, for, as every year is showing, the independence of Finland is departing and the former self-governing duchy is rapidly becoming a province of the Russian empire. The Baltic provinces, Poland, the Georgian Caucasus, and now Finland are being slowly assimilated by the great Muscovite power. That the Czar's manifesto of February 15, 1899, and the military law have practically abolished the constitutional liberties guaranteed to the grand duchy in 1809 by Alexander I, and confirmed by his successors, is proven in the first nine chapters of Mr. Fisher's book. The attitude of the Russian crown is the more indefensible even from the point of view of reasons of state because of the promise of Nicholas II to maintain the Finnish constitution intact in all its force and vigor. But the matter is a *chose jugée*, and all discussion of it has to-day little more than an academic value. Mr. Fisher has had exceptional opportunities of becoming acquainted at first hand with the constitutional issues in dispute, and his work contains the best account in English of the struggle up to 1899. Readers interested in the subject would find the following additional works deserving of attention: "*Finlande et Transvaal*," by A. Leroy-Beaulieu, in "*Revue Bleu*;" "*Pour la Finlande*," by René Puaux; "*Le Coup d'Etat en Finlande*," "*Au Seuil de l'Europe, Finlande et Caucase*," by Pierre Morane.[4]

[1] Contributed by George Herbert Locke, The University of Chicago.

[2] Pp. xi, 237. $1.50. New York: Charles Scribner's Sons, 1900.

[3] By JOSEPH R. FISHER, B. A. Pp. xv, 272. Price, 12s. 6d. London: Edward Arnold, 1899.

[4] Contributed by Professor CHARLES M. ANDREWS.

M. CHARLES GIDE'S admirable text-book [1] on Political Economy has just appeared in a seventh edition. The principal difference between this and the preceding edition consists in the correction of certain errors, and an attempt to make clear what seemed obscure to readers of former editions. The epigraph which for seventeen years appeared on the first page of the book has been removed, and in its place the author quotes from Tolstoi's Resurrection: "All evil comes from the belief that there are certain relations between men where one can act without love. But such relations do not exist."

This maxim seemed, to the author, to explain the pressing need of our times, the intervention of altruistic motives in our social relations, and in the explanation of social phenomena. Many of our economists are unwilling to give up the classical rigidity and the geometrical symmetry of the old doctrines, which seemed to possess the solidity and transparency of fine crystals, but which are undoubtedly melting away in the light of criticism and observation. Professor Gide's standpoint, essentially the same as it was when his book was translated into English in 1889, is familiar to American readers. The principal thesis of the school to which he belongs lies in the idea of solidarity, and the substitution of co-operation for competition. Its adherents uphold the moral ideal of inter-responsibility and maintain that the development of the individual is bound up with that of society; the most effective "self-help" lies in mutual help. In point of style, the book continues to possess, in an increased degree, the merits of perspicacity and charm.

"THE HIGHER EDUCATION," [2] by Professor G. T. Ladd, of Yale University, is a collection of four notable essays on the "Development of the American University;" "The Place of the Fitting School in American Education;" "Education, New and Old;" and a "Modern Liberal Education." These are thoughtful essays and ought to be read with President Eliot's "Educational Reform." We have been accustomed to hear educators say that the secondary education of this country is dependent upon the universities, but Mr. Ladd asserts that the problem of the development of the university in this country is largely the problem of securing a satisfactory secondary education, and that it is the proper adjustment of high school and college that is going to make clear the way for a real American university. This might be compared with President Harper's address on "The Prospects of the Small College." The other essays deal with equally important

[1] *Principes d'Economie Politique.* Pp. vii, 654. Price 6 *fr.* Paris: L. Larose, 1901.
[2] Pp. viii, 142. Price, $1.00. New York: Scribner's Sons, 1899.

phases of American education, discussing the elective system and its disadvantages, and the true place and function of the Preparatory School. The last essay sums up many of the preceding arguments; in a masterly fashion Mr. Ladd tells us of the defects of our present system and of the immense possibilities there are of helping girls and boys to become really *educated*, provided that we hold fast to those things that have been proved to be good.[1]

PROFESSOR ANDRÉ LEFÈVRE, of the Paris School of Anthropology, one of the leading French authorities on the development of classical Greek religious and political ideas, has just published a popular volume[2] on Antique Greece. As the great teacher of occidental nations, Greece has left traces in history which will never be entirely effaced; the author of this book attempts to unravel and analyze the complex elements of Greek civilization and thereby throw some light on the origin of our modern intellectual and artistic life. Greek mythology makes up an integral part of our intellectual possessions, and Christianity owes many of its rites and dogmas to the same source; even the mediation of a Saviour is an idea which was by no means unknown to the fellow-citizens of Prometheus. It would seem, however, that Professor Lefèvre often goes out of his way to state that Christianity is built up of plagiarisms from pagan mythology (pp. 22–23).

A THIRD volume in the American Historic Towns[3] series has appeared. The following southern towns are represented: Baltimore, Annapolis, Frederick Town, Washington, Richmond, Williamsburg, Wilmington, Charleston, Savannah, Mobile, Montgomery, New Orleans, Vicksburg, Knoxville, Nashville, Louisville, Little Rock and St. Augustine. Two chapters deserve especial mention. Richmond-on-the-James is fortunate in having as biographer the late William Wirt Henry, who devoted to this no doubt pleasing task, the same careful workmanship with which he studied the history of the evolution of American political consciousness. The chapter on Washington is especially interesting at this time when the centennial of the establishment of the nation's capital has just been celebrated. In most

[1] Contributed by MR. GEORGE HERBERT LOCKE, Chicago.

[2] *La Grèce Antique: Entretiens sur les Origines et les Croyances.* (Bibliothèques des Sciences Contemporaines) pp. 463. Price, 6 *fr.* Paris: Schleicher frères, 1900.

[3] *Historic Towns of the Southern States.* Edited by LYMAN P. POWELL. Pp. 604. Price $3.50. Putnam. 1900.

delightful manner the history of the capital city is traced from the dream of Francis Pope in 1663, down to the present time when, the author convincingly concludes, "Washington is no longer the city of magnificent intentions; it is Washington the Magnificent."

IN "AMERICAN PUBLIC SCHOOLS"[1] by John Swett, is gathered a mass of information, of more or less value, dealing with various aspects of the public schools of this country. Unfortunately it is in a very unorganized form, and much of it is so general as to make it of little practical use. The best part relates to California, where the author is on his own ground, having had much to do with the early history of education on the Pacific Coast.

REVIEWS.

The Germans in Colonial Times.. By LUCY FORNEY BITTINGER. Pp. 414. Price, $1.50. Philadelphia: J. B. Lippincott Company, 1901.

After many years of neglect, the Germans of Pennsylvania and of other parts of the United States have begun to receive the attention their share in the making of this country well deserves. The Pennsylvania German Society has contributed a very valuable series of studies by Sachse, Diffenderfer, Jacobs and other careful students. Walton's Conrad Weiser and biographies of the Muhlenbergs and other noteworthy early Germans have brought home a better knowledge of their achievements in peace and war. Sharpless' "Two Centuries of Pennsylvania History" does justice to the German element in its growth. On the other hand, Fisher's "Pennsylvania Colony and Commonwealth," and even Bolles' "Pennsylvania," are notable for the slight credit given to the Germans who counted for so much in its early days and in its later history. Miss Bittinger's "Germans in Colonial Times" is a capital summary of their share in the settlement of the colonies. The work shows how they found refuge here from oppression at home, and in return for the freedom secured in the new world, by their industry, morality and piety, helped forward the cultivation of the soil, the peaceful conquest of wild regions, and the stable introduction of good government. Uncomplainingly they endured ill treatment in New York and Virginia, in North and South Carolina, in Georgia and in later days in Maine, but in New Jersey, Pennsylvania and Maryland, as well as in the West, the German settlers and their descendants, and the later successive waves of German

[1] Pp. 320. Price, $1.00. New York: The American Book Company, 1900.

immigration, counted for much in the successful development of the country. In war as well as in peace they did their full duty, and their record of services is one that well deserves the tributes of honor now being paid to them. Löher was one of the first German writers to bring out the share of the Germans in the making of the United States, and Kapp and Schurz for New York, and Seidensticker for Pennsylvania, supplied much of the material that, along with research in the original records, has made Miss Bittinger's book one that deserves recognition for its merits. Her book is inspired by her own descent from good German stock and her earlier books paid due tribute to the merits of her own ancestors. Now on a broader field her hand has boldly and clearly traced the story of the early German settlers in various parts of the country, of their struggles and sacrifices, of their conquest not only of the soil, but of the prejudices of the colonial governments and of their neighbors and of others who envied them the fruits of tireless patience, endurance and faith. Her narrative begins with the conditions in Germany which led to emigration, and traces its successive stages in Pennsylvania and Maryland, in New York and New Jersey, in Virginia and the Carolinas, and Georgia. It shows the share of the Germans in the old French war, and gives an account of the "Royal American" Regiment, still in existence in the British army, and proud of its record in America. Of the Germans as pioneers and in the War of American Independence, and of their share in the dealings with the Indians, this little book gives a very satisfactory summary. A chronological table, and a list of works consulted and cited, and a full index, give it special value for purposes of reference and as a useful handbook. Modest alike in tone and spirit, as well as in its size, this volume on the Germans in colonial times, is a book that well deserves a place in every collection of historical works. The product of the early German press is now eagerly sought by collectors, and from the long list of works printed by Sauer and Franklin, at Ephrata and Frederick, in Lancaster and Philadelphia, many are noteworthy for their intrinsic value, and as illustrating the learning brought here by early German immigrants. Of these books Miss Bittinger makes due mention, and her chapter on "The German Press" is among the most noteworty of the many subjects so well treated in her pages. Her studies have been wide and exhaustive, and the result is a well planned, well digested and well executed volume, that cannot fail to bring home to her readers a better knowledge of what this country owes to its German population, and their share in its growth and development in its best characteristics.

J. G. ROSENGARTEN.

Philadelphia.

The "Machine" Abolished and the People Restored to Power by the Organization of All the People on the Lines of Party Organization. By CHARLES C. P. CLARK, M. D. Pp. 196. Price, $1.00. New York: G. P. Putnam's Sons, 1900.

Many years ago, Dr. Clark diagnosed the disease of our body politic, but the New York Legislature refused to fill the prescription when his own city of Oswego wished to remedy the disorder. Consultation and research having confirmed his opinion, he here gives us in more detail both the scientific determination of the cause of the disturbance and a treatment for its correction.

Accepting the general principle of democracy, the author finds that the evil lies in the present method of general elections. The method, however, is at fault only in large constituencies, where it is necessary either to vote for the party nominees or to lose a vote.

Yet party organizations are universally necessary under existing conditions. To abolish the party, the conditions must be altered. The people must nominate those whom they elect. The citizens must be organized on natural lines as one body to centre their votes on men whom they know and whose duties they understand. The caucus and convention are the natural machines for the expression of the popular will. The fact that the parties, and not the people, control them is the true root of our political difficulties.

The failure of direct popular elections being attributed to three conditions, the treatment is designed to counteract (1) the actual and necessary ignorance of the great majority of voters both as to whom they are voting for and what they are voting about; (2) their utter inability to unite of and among themselves, upon representative candidates for office; and (3) the organizations of politicians who have become corrupt and corrupting masters.

The principle invoked is similar to that proposed before the constitutional convention of 1787, that the President be chosen by electors to be chosen by the people. It is the method of compound representation by which the members of the French constituent assembly of 1789 were elected. It is the electoral system on an extension plan. The primary caucus-chosen delegates, or their representatives, which now make but a preliminary, shall make the final choice of public officials. Nomination and election are to merge, and become synonymous. The primaries must be substituted for the polls. But there is to be only one primary for each precinct, at which all the voters are to assemble in actual and orderly conference, after the manner of the old New England town-meeting, to elect one delegated representative. Where these primary delegates are too numerous for free consultation, they must be assembled in district conventions and appoint

delegates of a higher grade to convene for the selection of men for office.

Among the peculiar features embodied in this plan are those limiting the tenure of office and the size and personnel of the primary caucus. Office-holders and delegates shall be removable at the will of the power that elected. The primaries are to be composed of equal numbers (say two hundred) of all the voters in a ward or township distributed among the precincts by lot, after the fashion of empaneling a jury. This lot-drawn constituency meets privately, elects its own officers and tellers, cannot be adjourned before a certain time, votes by ballot upon the calling of the roll, and elects a man not a member of the primary. By this general remedy we are to have less taxes, fewer elections, more concentration of authority in the people, greater official responsibility, an end of election frauds, the abolition of the "machine," and a better form of democracy.

The prognosis is too favorable. Party spirit will prevent such a consummation for an indefinite period. The fundamental reason for partisanship is that men differ in opinion. The treatment does not abolish the party. It should not. It aims at the party organization. Even here, the author admits that the full benefits are ultimate and not immediate. This relief must be accepted in the absence of speedier reform, yet the plan proposed offers no increased opportunity for the political education of the people. It does not solve the city problem. It does not actually increase either the power or the knowledge of the community. Only action and education can do that.

The possibilities of disproportionate representation as a result of the unessential feature of lot-drawn constituencies are so great that the American spirit is apt to prefer cheating, which may be stopped, to bad luck, which cannot be changed. The remedy, however would probably prove beneficial; it certainly offers more hope than any other single preparation in the political pharmacopœia. It will make an issue on men rather than on measures, and tend to put the right man in the right place. The success of the whole system depends upon the conduct of the primary caucus which may be controlled by a majority of its members. If the people rule not well, they may at least rule and have only themselves to blame.

CLAUDE L. ROTH.

Philadelphia.

A Century of American Diplomacy. By JOHN W. FOSTER. Pp. 497. Price, $3.50. Boston: Houghton, Mifflin & Co., 1901.

Ex-Secretary of State John W. Foster has written a very interesting history of the hundred years of American diplomacy from 1776. The

book is an "outgrowth of a series of lectures delivered in the School of Diplomacy of Columbian University." Two motives for the publication are given by the author: first, that "the young men of the country may have their patriotism quickened and be inspired with a new zeal to assist in maintaining the honorable position of our government in its foreign relations;" and secondly, that "in view of the recently enlarged political and commercial intercourse of the United States with other powers, a succinct history of the diplomatic affairs of the government . . . might be useful in the solution of the questions of foreign policy now so urgently presented to the American people." In short, Mr. Foster proposed the twofold task of a text for the college and high school and a popular history which would attract the busy citizen and mould his opinions on questions of foreign policy.

Mr. Foster has had a long public experience, at home as a lawyer, soldier, editor, politician, and abroad as our diplomat to Mexico, Russia and Spain. He actively assisted Mr. Blaine in the negotiation of the reciprocity treaties. He had charge of the American case before the Behring Sea arbitrators. He was secretary of state, and later was called by the Emperor of China to assist him in the peace negotiations with Japan. He probably possesses a more intimate acquaintance with foreign diplomats, politicians and statesmen than any other American. Therefore anything he might write would have more than academic interest. Added to the equipment of experience, Mr. Foster possesses a simple, lively style and a taste for an interesting subject-matter. Possibly here he has erred in selecting too much material that is merely anecdotal. Frequently his quotations are long and have only an indirect bearing on his theme. He has evidently desired to indicate the advance the century has brought in political and party ethics. To this end he has revived in excessive detail the wrangles and intrigue of our political fathers. He has gone freely to the original sources. Unfortunately, in referring to the "President's messages," Mr. Foster has accredited this collection of documents to the unworthy editor who abused the trust reposed upon him by Congress. The name of "Richardson" should be erased from the pages of the "President's Messages."

Considering the popular and didactic purpose of his work, Mr. Foster may be criticised in the organization of his material. Too frequently it is scattered here and there, and tends to confuse one who would understand the logical significance of the facts. Following a chapter on "The Treaty of Peace and Independence" is a chapter entitled "Peace Under the Confederation," in which he uses some sixteen pages to describe further matters pertaining to the peace treaty and omits the details of our difficulties during that period with France

and Spain. The French attitude toward us during the revolution was highly paternalistic. Because of the treaty of permanent alliance she naturally expected this would continue, and she was not prepared to see us assert a position of equality. For six years she refused to negotiate a consular convention unless large powers were conferred on the consuls. Likewise she insisted on her right to try the man who assaulted Marbois in the streets of Philadelphia. This first and last of our "foreign entanglements" should receive careful consideration in any work on American diplomacy. The vexatious negotiations, under the confederation, with the Spanish respecting the navigation of the Mississippi are passed over with a sentence, and no mention is made of the principles of international law involved. Indeed, this suggests another fault in Mr. Foster's work in view of the purpose to which he dedicates it.

He constantly omits to suggest the general principles of international law involved in the controversies and often neglects the collateral facts of domestic and foreign history which are necessary to an intelligent understanding of the true situation. The party feeling in England on the negotiation of the treaty of independence is not discussed. The rivalry of Fox and Shelburne and the pique the former felt at the latter's elevation to prime minister on the death of Rockingham played an important part in making the peace treaty and the failure to make a commercial treaty. Shelburne's generosity was calculated to serve England as much as Fox's parsimony. Shelburne, as the disciple of Adam Smith, realized the value of a lively and harmonious trade with the west. Fox opposed a relaxation of the navigation acts in favor of the United States and pushed through Parliament an act empowering George III to establish such commercial relations as he deemed advisable. He selected the niggardly policy. Thus the great opportunity to establish peace between the two countries on a broad basis was thrown away and discord was sown which brought forth thirty years of strife and finally a war. States are sordid creatures whose motives invariably are self-preservation and selfish aggrandizement. We must not forget that the United States is no exception to the general rule. Therefore, where we find one state or a party within that state pursuing a liberal policy toward another, there is every reason for inquiry into the motives for that liberality.

Mr. Foster has striven to be fair in his estimate and discussion of men and international relations. Occasionally he has taken a too American view. Speaking of the treaty with the Netherlands in 1782, the author remarks that "the recognition of our independence by Holland though tardy, was most welcome." It is a well founded rule of international law that premature recognition of the independence

of a revolted province is a wrong to the parent state and amounts in its effect to an act of intervention. Hence great caution is exercised by third powers in granting recognition and unless policy interferes to prevent strict attention to law as in the treaty whereby France recognized the independence of the United States in 1778, recognition is seldom given, except where the circumstances set the propriety beyond all question. Mr. Foster neglects to say Holland was at war with England and that her early recognition of American independence by a treaty was merely an incident in her war policy. Certainly Holland was not "tardy" in view of the policy of non-intervention which has been consistently pursued by the United States so long as the contest was confined to the original parties.

Two or three references are made to the "advanced stage of international law early assumed by the American statesmen." He cites the treaty with Prussia negotiated by Franklin in 1785 as an example in which it was declared that no goods, not even munitions of war, shall "be deemed contraband, so as to induce confiscation or condemnation and loss of property to individuals." If munitions are captured and taken the treaty provided they should be paid for at their full value, "according to the current price at the place of destination," and if they are detained compensation must be made for such loss as is occasioned. Another clause exempted all merchant and trading vessels from molestation in time of war. Of course such clauses represent an "advanced stage of international law;" indeed, a mere prophecy, as yet unobserved by states in their relations and, therefore, not international law. Such philanthropic provisions were unobjectionable at the time because of the slight probability that Prussia and the United States would be brought into conflict. Later these high moral rules were changed to accord with the practices of states.

Mr. Foster, referring to the claim which the French nation had on the United States as an ally under the treaty of 1778, says: "It was held that the Revolution had destroyed the France with which the treaty of alliance was made, and that, under the circumstances there was no obligation resting on us to take part in her aggressive wars." The author might have stated in this connection an important principle of international law, announced about that time, which is now generally accepted as a basis for international conduct. Mr. Jefferson, when he defined the position of the United States as to the recognition of the republic proclaimed in France by the national convention, said in an instruction, "We surely cannot deny to any nation that right whereon our government is founded, that every one may govern itself according to whatever form it pleases, and change these forms at its own will; and that it may transact its business with foreign nations

through whatever organ it thinks proper, whether king, convention, assembly, committee, president, or anything else it may choose. The will of the nation is the only thing essential to be regarded." Washington's administration took the high ground that the true test of a government's title to recognition is not "the theoretical legitimacy of its origin," for foreign states must remain indifferent to the particular form of government under which a community may choose to place itself, "but the mere fact of its existence as the apparent exponent of the popular will."

Mr. Foster's book is remarkably free from errors of fact. Attention is called to the following: He says that the Jay treaty (p. 165) "provided for the settlement of certain differences by arbitration, one of the results of which was that the American merchants and shipowners received $6,000,000, for damages suffered at the hands of British officials." Mr. Trumbull, one of the American arbitrators, writes that the "amount in dollars, allowing five dollars to the pound sterling, was $11,650,000." Mr. Trumbull says, "This was the statement of Mr. Cabot (an assessor of the board) whose accuracy and knowledge of the subject were beyond all doubt."

Speaking of the X Y Z correspondence (p. 179) Mr. Foster falls into the common error of attributing the famous utterance, "millions for defence, but not one cent for tribute," to Mr. Pinckney. Historians have recently discovered that Mr. R. G. Harper, of Charleston, was the author of the speech. Mr. Pinckney himself confessed that the phrase "got fastened to him and he let it go."

Another error is found in the statement that in the Great Britain-Venezuela boundary dispute, "it was finally agreed that the whole territory in dispute should be submitted to arbitration." It was agreed that the arbitrators were to be governed by certain principles of international law; the first of which was "adverse holding or prescription during a period of fifty years shall make a good title."

A chapter is devoted to the history of "The Monroe Doctrine." Mr. Foster believes the Clayton-Bulwer treaty "marks the most serious mistake in our diplomatic history and is the single instance since its announcement in 1823 of a tacit disavowal or disregard of the Monroe Doctrine." He says that the treaty "was no sooner published than it began to be a source of dispute," and though he speaks of England's breach according to our interpretation, he does not suggest England's defence; nor does he state the final arrangement of the dispute which the United States "declared satisfactory." Thereby we waived our rights of voidability and gave it a new binding force.

The "Century of American Diplomacy" is a valuable contribution

to our historical literature and may be read by all with interest and profit, especially by the student and busy citizen for whom it was published.

GEORGE WINFIELD SCOTT.

Philadelphia.

Public Papers of George Clinton, First Governor of New York, 1777–1795—1801–1804. Vols. I, II, III. With an Introduction by HUGH HASTINGS, State Historian. Published by the State of New York. Wynkoop-Hallenbeck-Crawford Co., State Printers, New York and Albany, 1899–1900.

Students of American history have welcomed this series as a convenient repository of information upon the subject of the American Revolution. The value of the material is not questioned. Only the method and manner of its presentation need examination.

The first volume contains a lingering introduction, 189 pages in length. This preface is a curious medley of biography, bibliography, eulogy, controversy and history. The latter is a reckless patchwork of English, American and New York history, in which the name of Clinton appears at very rare intervals, presumably as a bond for all this heterogeneous material. Stress is placed upon unexpected things and in uncalled-for places. The intrusion of the school-book rhetoric about "the embattled farmers," "the shot heard round the world," and "Cæsar had his Brutus," makes us doubt the editor's power of inhibition and suggests a mania for rhetorical effect. The introduction does no harm, perhaps, but the essential part of it might have been condensed into twenty pages.

The history of the manuscripts is contained in the first paragraphs of the introduction. George Clinton was for forty-five years an aggressive public character. His correspondence was consequently large. He was in communication with all the prominent men of the American Revolution. In a later period he had an intimate friendship with all the pronounced federalists, though his activity was directed against the adoption of the federal constitution.

For these reasons the correspondence which has been preserved is of a most important character. The collection was purchased in 1853 by the legislature of New York. Twenty-five hundred dollars was paid for the twenty-three volumes of the Clinton papers, few of which were originals. Many were drafts or copies made by himself or his secretary. Later the collection was increased by a number of additional volumes. These were all calendared and arranged for publication by George W. Clinton, who made a report upon them in 1882. Copious extracts from this report are made in the introduction to this published series. The

vicissitudes of the pre-revolutionary records of New York are also recounted at length.

In the preface to the second volume the editor tells us that the scope of the work has been enlarged, and a departure made from the original plan. He states that many important letters and documents alluded to by Governor Clinton were not in the New York manuscript collection. Other records were therefore searched for material to make a consecutive story of the revolutionary war, as far as it related to New York State. The editor also confesses that liberties were taken with the manuscript collection such as were not taken in the preparation of the first volume. The manuscript collection was arranged according to date, and thus a letter and its answer were often separated. In the printed collection the letter and answer have been brought together in cases where the matter is of more than ordinary importance. Such cases have been still further elucidated by footnotes. We are assured that special efforts have been made to compare such of the manuscript documents as are merely "copies" with the originals from which they were copied.

In addition to the text, there has been introduced a rather capricious selection of illustrations. Pictures of Clinton, Schuyler, Hamilton, Morris, Burgoyne, Gates, Lafayette, Jay, Steuben, Count de Grasse and Count d'Estaing are interspersed with maps of the Battle of Brooklyn, White Plains, Forts Clinton and Montgomery, the Hudson River in the Highlands and several maps illustrating Burgoyne's position at various stages of his campaign. There is also a useful calendar for the years 1775–78.

Any attempt to describe the material to be found in the three volumes is useless, because of the variety of subjects touched upon. The nature of the materials in the first two volumes is, however, largely military. The executive of the state was constantly applied to by various petty and some major officials for information and decisions to determine their action. To him came all the petitions for protection, for relief and exemption from laws which did not discriminate. In the third volume, civil rather than military documents preponderate. The last papers printed are dated in September of 1778.

The volumes are not indexed. We are not informed, but may suppose, that the index is to be published when the series is complete. It is to be regretted that the editor has chosen this plan, which was adopted with such grievous results by the editor of the "North Carolina Records." Instead of an index, we are given what the editor describes as a "detailed table of contents." This is, in fact, a list of the descriptive headings by which the editor has intended to indicate the contents of each letter or paper. In fact, however, these head-

ings rather furnish an opportunity for the exercise of a sort of editorial humor. The headings may be cheerful oases in the arid pages of historical documents, but they are rarely useful to the student.

The following headings surely indicate nothing for the purposes of research: "*A flash of private business.*" What business? "*A dash of civil affairs.*" What civil affairs? We must simply read to find out, just as we should have done if there had been no heading. Then why should we have head-lines which simply try to catch the eye, but inform no one? "*With a rinkel'd cockt'd knos.*"—"*Lieut. Connelly's description of Mr. Cantine and what led to and what followed it.*" With a lavish use of slang the editor does, at times indicate the contents, for example: "*Rounding up dispersed and disbanded militia.*" "*General Heath shy on news.*" "*Col. Hathorn nabs four Tories.*" "*Everything serene at West Point.*" When the editor describes letters in the bilious language of the yellow journal the demoralizing effect is complete. "*The General discredits the figures—and parenthetically disposes of Washington's great victory of Trenton in 43 words.*" "*Robert Erskine's distress—His stock of pigs diminishing,*" etc.

As a collection of historical material, the completed publication will be a most valuable contribution to American and New York history. In addition to these three volumes the first volume of the papers of Daniel D. Tompkins, Governor of New York, 1807-17, was issued in 1898, and in the course of time we are promised the papers of Sir William Johnson.

C. H. VAN TYNE.

Philadelphia.

A History of Political Parties in the United States. By JAMES H. HOPKINS. Pp. 577. Price, $2.50. New York: G. P. Putnam's Sons, 1900.

As indicated in its sub-title, this book purports to be an account of political parties in the United States since the foundation of the government, together with a consideration of the conditions attending their formation and development. In the four appendices are given reprints of the several party platforms, and the Kentucky and Virginia Resolutions of 1798, as well as statistics of the popular vote in the various states at the four presidential elections, 1884-96.

Over half the book is devoted to these appendices, giving material which can be found elsewhere, but which may properly be placed at the service of those who read a study of the development of parties. The first national party platform—that of the National Republicans in 1832—does not appear. Its absence is due to the same indifference

to essential facts touching party development which permits the author to dismiss the convention system with eighteen lines. The change from caucus to convention after Jackson's time is said to have been "radical and important." The "action of conventions was generally accepted as having the binding force of statute law," being henceforth "received with as ready acceptance, within their limits, as the Thirty-nine Articles or the Westminster Catechism. Loyalty to party has been demanded, as but slightly, if at all, less obligatory than allegiance to the government." Yet one does not find the explanation of the origin of the convention.

The book teems with inaccuracies of statement and inference which raise suspicions as to the author's familiarity with even the better secondary histories. For instance, the reasons for the "Bank Veto" are said to have been that Jackson was "adversely convinced upon *all* points," viz., "the solvency of the bank, as well as of its prudent and honest management; and this without reference to the validity of its charter." (P. 49.) Later (p. 55) appears the statement that the great Democratic apostle was zealous in upholding a protective tariff. The evidence produced was "the mighty oath," by which the threat to hang Calhoun was uttered. The great Compromise of 1833 is dismissed with barely three lines. The depression of 1837 is described as an "artificial panic;" the depression of 1857 is not mentioned; the People's Party is said to be a combination of the Greenback and Labor parties, with no apparent cause for existence, etc.

As a whole the work is rather a chronological table than a history. It certainly does not consider adequately the conditions attending the formation and development of the party system in the United States. The workmanship is hasty and deficient both in form and in analysis. The student of political science needs information in regard to the causes of the party system, the forces which have directed its growth and the machinery by which its functions are exercised. Such information is not contained in the book under review which adds little or nothing to statements formerly published. On the contrary, because of the lack of an adequate arrangement, some unreasonable prejudices are accentuated.

WILLIAM H. ALLEN.

University of Pennsylvania.

Die Wohnungsnot und Wohnungsreform in England. By DR. FELIX VON OPPENHEIMER. Pp. viii, 167. Price, 4 *m.* Leipzig: Duncker und Humblot, 1900.

The movement for the improvement of the housing conditions of the poor has continued almost twenty years in Germany, and consid-

erable has been accomplished there in the way of legislation, the construction of improved tenements, and education. During this time Austria has remained almost unaffected by the agitation at her side, although her capital city has time and again been shown to harbor frightful conditions. The publication, by an official in Vienna, of a description of English experience in reforming the domiciliary conditions of that country, seems to betoken the beginning of an awakened and enlightened interest in this question. Like so many of his fellow countrymen Dr. Oppenheimer has turned to England as the pioneer in the settlement of this momentous problem.

Although a number of books on the same subject have already been published in German this one finds its justification, if such is needed, in that it brings the story of England's experience down to date. But certainly the importance of the subject is more than enough to justify all such publications. Lord Shaftesbury, the greatest of English reformers in this field, after half a century of effort for social betterment, said: "I am certain that I speak the truth, and a truth which can be confirmed by the testimony of all . . . . who are conversant with the working class, that until their domiciliary conditions are Christianized (I can use no less forcible term) all hope of moral or social improvement is utterly in vain." Bad housing conditions affect all phases of the social problem.

After stating briefly the causes of the *Wohnungsnot*, which causes he conceives to be primarily the English lease-system and the tearing down of old houses either for railway construction or municipal improvements, Dr. Oppenheimer turns to a consideration of the attempts at reform. The history of legislation specifically directed against domiciliary evils is briefly sketched down to the London Government Act of 1899. The practical attempts at reform made by the various English municipalities are also described. Model tenements and such educational movements as Miss Octavia Hill's plan of rent collecting are given a chapter, while another is devoted to municipal lodging houses. Municipal lodgings are found to be undesirable on the whole; in this respect the experience of the English municipalities has not differed from that of some of our American cities.

The measures described by the author in the first part of the book are calculated in the main to improve existing dwellings. They are clearly insufficient. The more serious evils can be met only by increasing the number of tenements or decreasing the number of tenement-house dwellers. This latter is the ideal of Dr. Oppenheimer, as it is of nearly all social reformers. The author accordingly treats of "Decentralization and the Railways" in the last chapter of his book, and advocates cheap rapid transit as the best solution. He, however,

offers no further suggestions or remedies of his own. In fact, the book is throughout without originality. While it forms a careful and intelligent sketch of English legislative experience in dealing with the housing problem, it contains nothing new. Nor does it appear from the volume that the author ever saw the inside of one of the tenements that are the subject of his discussions. The question is viewed wholly from the administrative and bureaucratic standpoint. The chief merit of the book lies in the fact that it gives the reader a concise, connected account of all English legislation down to date. But its purpose—that of arousing a careless people to an intelligent interest in improved housing—must excuse any shortcomings in the book itself.

E. L. BOGART.

Oberlin College.

Elementary Physical Geography. By JACQUES W. REDWAY. Pp. vi, 383. New York: Charles Scribner's Sons, 1900.

Taschen Atlas. By HERMANN HABENICHT. Pp. 68. Price, M. 2.40. Gotha: Justus Perthes, 1899.

Reader in Physical Geography. By RICHARD E. DODGE. Pp. ix, 237. Price, 70 cents. New York: Longmans, Green & Co., 1900.

Mr. Redway's book is most disappointing. It enters the field against modern texts, written by men who have helped to establish the new science of Physiography, and whose work in elementary textbooks is constructive and thorough. The author has not been in this goodly company, and does not realize the significance of the revolution which has put the old static geography forever on the shelf. He has evidently done some reading in the new work, but his notions are hazy, and one is impressed at every turn with the fact that here is a geographer out of the old school of our fathers, attempting to adapt himself to the new teaching and making a lamentable failure of it. There are blunders by scores, in fact or by implication, and the list is increased in the diagrams and illustrations. The whole treatment of the River Valley is a pitiful failure. Mr. Redway's discerning friends can only regret that this volume was ever allowed to appear in print.

Every reader and lover of fine maps will be glad to know of a series of little atlases issued by the well-known firm of Justus Perthes, of Gotha. They are just the right size for the pocket, and are marvels of neatness and completeness. There are at present five volumes in the series, selling at about M 2.40 apiece, the titles being as follows: "*Taschen Atlas*," "*See-Atlas*," "*Geschichts-Atlas*," "*Atlas Antiquus*," and "*Staatsbuerger Atlas.*"

The "*Taschen Atlas*" covers about the field of our ordinary atlas.

It has twenty-two pages of maps by the famous geographer Habenicht, and is supplemented by sixty pages of geographic statistics, brought down to date by H. Wichmann.

The maps are copper engravings of the highest artistic quality, and most exquisitely printed on the finest plate paper. The workmanship puts to blush anything ever brought out in this country. For fineness of line, accuracy of detail, mass of data entered, and for beauty of coloring, these maps are unsurpassed in atlases of any size.

The point of view in the presentation of geography has been materially changed in recent years, owing to the splendid work done in the study of the evolution of land forms and the consequent rise of the science of Physiography. This makes geography dynamic in contrast to the static conceptions of the science in the past. More and more the forces at work in physiography are seen to be ever present factors in shaping the course of human events, economic and historic. The new point of view is slowly coming into our education and our literature. The latest comer is a "Reader in Physical Geography," by Professor Richard E. Dodge. It is a book for beginners, intelligently written, and will make good reading for the laity in other lines, who wish to know the way in which a physiographer looks at his problems.

J. PAUL GOODE.

Philadelphia.

Social Justice. A Critical Essay. By WESTEL WOODBURY WILLOUGHBY, Ph. D. Pp. xii, 385. Price, $3.00. New York: The Macmillan Company, 1900.

The endeavor of Dr. Willoughby is to bring to the analysis of the concepts underlying our modern industrial and legal system the assistance of transcendental principles. The touchstone of the modern system is contained in the question, Is it just? The problem of social justice presents itself to the author as being concerned with (1) the proper distribution of economic goods; (2) the harmonizing of the principles of liberty and law, of freedom and coercion.

At the outset of his inquiry the author is concerned with the nature of the rights involved. He discards the antique lumber of natural rights and recognizes rights as relative. Since rights are relative it follows that the standards of social justice are to be obtained not from introspection, but from a study of social conditions. Of necessity his study of social conditions lays special stress on the economic phase. He considers the ideals of equality under the various headings of spiritual, natural, civil, political, social and economic. He finds that in the case of economic equality, as in the case of the other ideals that

have been advanced, there is an inherent fallacy and that the true principle of distributive justice is to be found in the idea of proportionality—"the proportioning of rewards in each particular case according to some ascertainable conditions of time, place or person." The next problem attacked is that of the justification for the existence of property. Here the sum of the investigation is that expediency is the final criterion. The author does not believe in the distinction between distributive and corrective justice. Justice is concerned with desert, and all justice is distributive. In discussing the right of coercion exerted by society he finds its justification in social expediency. The chapter on punitive justice discusses the various theories—retributive, deterrent, preventive and reformatory. The retributive theory he wholly rejects. This theory predicates an exactness of knowledge with reference to the moral responsibility of the individual which is beyond the scope of any tribunal. Then again the theories of modern criminal sociology still further put the theory out of court, since they confront us with an instinctively criminal type. The other theories—deterrent, preventive and reformatory—so interact in practice that it is difficult to disentangle them.

The summing up of the matter is that the criterion of the justice of an existing institution is to be found in its social utility.

The work is not concerned with the development of theoretic principles alone. The author has in mind throughout the testing of his conclusions in the light of experience. It will at once appear that the position he occupies with reference to the relativity of rights is opposed to the acceptance of the tenets of those systems which, like socialism and the individualistic Georgian doctrine, predicate the existence of a body of natural rights. As regards state interference the author occupies a position of broadminded individualism. He is of opinion that the development of society will, of necessity, bring with it a constant increase of the scope of educational and regulative functions. The analysis of justice is not without its word on the great question of to-day; for it tells us that "it lies within the legitimate province of an enlightened nation to compel—if compulsion be the only and the best means available—the less civilized races to enter into that better social and political life, the advantage of which their own ignorance either prevents them from seeing, or securing if seen."

In the analysis of the author social expediency furnishes the criterion of existing systems. But there is also introduced the complexity of a duality of standard which is not essential While social expediency is accepted as the test it is also stated that the existence of the state is justifiable only in so far as it assists in the development of our

best selves. There is no necessary antagonism in these positions; but the author's treatment suggests an antagonism. Speaking in another connection he says that the legislator is concerned not only with acts which are socially inexpedient but also with those which are considered wicked when judged by his moral canons. But is it not true that the individual's conception of right and of wrong is an outcome of environmental conditions, and would it not also be true that in legislating on what may, on the face of it, appeal to him as *mala in se* the lawmaker is in reality acting upon a conception which has become his through constant social accretions? The method of the author suggests that the transcendental analysis of the aims of the state gives the higher ideal and points out the way in which alone our best selves can be realized. But may it not also be claimed that the evolutionary point of view suggests that ideals are being moulded and reformed, not by the objective physical environment alone, as the author in his discussion of the evolutionary point of view would seem to suggest, but also through the influence of a psychical environment as well? In other words, is the ideal of a high conception of personality incompatible with the evolutionary system? While the author finds that rights are relative to conditions, he introduces into his analysis the conception of an abstract right, an abstract principle concerned with "right actions . . . (which) . . . are founded ultimately upon eternal principles of morality flowing from the essential character of the Divine reason." But if we look for the universality which this transcendental phrase would predicate do we not find that the ideas of right and of wrong vary from age to age, from clime to clime, and that the principles of right and of wrong which survive are those which have social utility and are in harmony with social expediency, giving to the word expediency that broad sense it must have throughout the discussion?

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NOTES.

I. MUNICIPAL GOVERNMENT.

Instruction in Municipal Government and Its Betterment.—In practical politics the American citizen overlooks the complex nature of his citizenship. In theory he is expected to determine consciously and intelligently the character of administration in some eight or more distinct governmental units. At different times the hypothetical citizen is to concentrate his patriotism and his interest upon each separate unit in its turn. In theory he is to consult the needs of each division irrespective of any other divisions, except as there is by law an organic relation. He is to have in his mind and heart a place for each unit as distinct as the sharp geographical line between precinct, ward, city, legislative division, county, congressional district, state, United States. In theory election judges are chosen to guarantee a pure ballot and an honest count; city officers consult only the local needs of the city; state officers concern themselves with essentially state problems; while only national officers are chosen because of national political leanings.

In practice, however, the American knows for the most part but one citizenship. He is an American and only an American, and as such, chooses for every office the man who holds the right views with reference to national policies. Accordingly, we have Republican and Democratic nominees for school director, assessor, treasurer, mayor and state executive, notwithstanding the utter absence of any essential point of contact between the functions of local, state and national offices. The reason for this anomalous situation is found in the exigencies of the national political party. In the absence of organized resistance to this universal tendency to confuse national, state and local issues, it will continue, for it has the organized support of all national parties, whether republican, democratic, prohibitionist or socialist.

Attempts have been made to cry this confusion out of existence, or to eliminate it by revealing the corruption and poor government incident to it. Again it was sought to cripple the national organization which encouraged the confusion by taking away patronage or spoils and establishing civil service commissions. Lastly and with greater success, organization was met by organization, and civic organizations in all parts of the country undertook to isolate city from national

patriotism to correspond with the isolation of essential interests. These citizens' leagues multiplied, until now they number nearly five hundred. League conferred with league, whence arose the state and national conventions of non-partisan citizens' clubs. Journals were established to represent the new movement, until to-day we have various monthly and bi-monthly magazines devoted exclusively to municipal problems, while others have special departments of municipal notes.

Independent municipal organizations have encountered not only the opposition of organized national parties, but also the apathy of the citizen. To counteract these two factors, there seems no recourse but painstaking education. At the present time it would seem that the various educational agents are not serving sufficiently to aid the movement to give to municipal matters a concentrated attention independent of national party lines. The various journals published by municipal leagues circulate, for the most part, rather among allies than among possible recruits. The daily press is with difficulty won over to the support of independent candidates. Likewise the text-books, in harmony with past political traditions, cater to an interest in national government, to the partial if not total exclusion of municipal problems.

Realizing this and appreciating the importance of enlisting the forces of education in the cause of municipal betterment, the National Municipal League has instituted an inquiry into the extent of instruction in municipal government and its betterment. A committee was appointed, consisting of the secretary of the National Municipal League and representatives of departments in political science in six educational institutions.[1] President Thomas M. Drown, of Lehigh University, is chairman of this committee, and Dr. William H. Allen, of the University of Pennsylvania, is secretary. Professor John L. Stewart, of Lehigh University has been added to the committee.

Manifestly the first work of the committee should be the collection of facts with reference to present courses of instruction in municipal government and its betterment. Wherever such courses are given, the co-operation of the instructors will be requested, in order that the lessons of practical experience may be disseminated. It will require a considerable period of time to secure answers to the personal letters which will be sent to every college in the country. The classification of the data received and the compilation of results will also entail a great deal of labor. Of great importance should be the tabulated results, independent of the collateral reports and recommendations which may be expected from the com-

[1] ANNALS, January, 1901, p. 147.

mittee. By the dissemination of the report among the colleges, the cause of education as well as of municipal progress should be greatly advanced.

Buffalo.[1]—*State Legislation.* Three measures affecting the city of Buffalo have been presented in the legislature at this session. One abolishes the Board of Public Works, which consists at present of three members, two appointed by the mayor and the third elected by the people. The two appointive members must be of different political parties. The proposed bill substitutes for these three commissioners a single commissioner elected by the people, who will have power to appoint two deputies. It is doubtful whether this measure will effect much economy in public expenditures, but it will at least concentrate responsibility. There seems to be no very serious opposition to it and it will probably become a law.

A second measure substitutes a single police commissioner for the present board of police commissioners, which consists of the mayor, *ex officio*, and two other members appointed by him. The single commissioner is to be appointed by the mayor, but may be removed summarily either by him or by the governor of the state, and a commissioner removed by the governor is made ineligible for reappointment by the mayor. There is a general belief in the public mind that the police force of Buffalo has become corrupt, and that there is no hope of a change for the better under the present management. Gambling dens are believed to be tolerated, if not protected, and officers high in rank who commit offences against public decency are "whitewashed" and retained in office. Most men, therefore, approve the proposed measure on the ground that it furnishes the only way out of the present situation, that it will concentrate power and responsibility, as does the bill first mentioned, and that its results cannot at any rate be worse than the existing state of things.

The most objectionable feature of this bill is the clause giving the governor the power of removal. This practically makes him the appointing power, is said to be a glaring violation of the principle of home rule for cities, and a long step toward that centralization of power at the state capital which is ever viewed with alarm. The advocates of home rule insist that the citizens of every community, great and small, should be compelled to lie in beds of their own making and to work out their own salvation. Without this clause there would probably be very little opposition to the bill, and it is but fair to say that there are some who think the clause in question will do very little if any harm. The objection that the bill is a "partisan grab" has been cunningly disarmed by providing that the present mayor (who is a Democrat,

[1] Contributed by A. C. Richardson, Esq.

while the legislature is Republican) shall appoint the first commissioner.

The third bill referred to proposes to establish a bureau of elections, consisting of a commissioner and a deputy, with the necessary force of clerks and assistants, who are to have entire charge of preparing for primaries and elections and the custody of primary records. As this work has been done for the last ten years to everybody's satisfaction by the city and county clerks and their subordinates, the proposed bill is criticised as a palpable attempt to provide places and salaries at public expense for a couple of party workers. It does not seem to be necessary, has not a single friend and will probably not be pressed seriously.

Pittsburg.[1]—*State Legislation.* There is great activity at present in devising new charter legislation for Pittsburg. The situation is complicated by the fact that any legislation passed for it must also apply to Allegheny and Scranton, which are also cities of the second class. At present the charter for cities of that class gives very little authority to the mayor. The heads of municipal departments are elected by councils for five year terms, and while nominally they are subject to the supervision of the mayor, he has practically no control over them. A new charter is proposed in an act introduced by Senator Muehlbronner, of Allegheny, which centres responsibility in the mayor's office and provides that the heads of departments shall be appointed by him and shall be removable by him. Heated controversy has been excited by a portion of the act which legislates the present mayors out of office and provides that appointees of the governor shall fill the vacancies. His appointees are to hold office until the municipal election in 1903, and these appointed mayors shall have complete power to fill all offices and employments in the executive department, whereas in the regular operation of the charter the mayor's appointments shall be subject to confirmation by the select branch of councils. The reason urged in behalf of this extraordinary provision is that it is necessary to get the new form of government fairly started.

Under the new charter the select branch will be elected from the city at large on a general ticket and it is hoped that in this way a body of higher character will be obtained than exists at present. Select councilmen are to be elected for a term of four years, but it is so arranged that only about one-half will be elected at any one time, the other half holding over. The mayor is to be elected for a term of three years, and common councilmen, who alone are to be chosen by wards, will serve for a term of two years. The act provides for the

[1] Contributed by Henry Jones Ford, Pittsburg.

adoption of civil service regulations and contains various other requirements intended to promote good administration.

Baltimore.—*State Legislation.* In the course of ordinary events the Maryland legislature would not convene until 1902. An extra session has been called by the governor in response to party demands from two quarters. The city leaders strongly urge sewerage legislation for Baltimore. The state leaders wish a state census for the purpose of redetermining the representation of the different counties in the House of Delegates, upon the ground that the national census was packed in order to wipe out Democratic majorities in certain counties. It is also proposed to amend the present ballot law, the main object being to disfranchise the negro, but without the saving conditions of Mississippi, Georgia and South Carolina. The people of Baltimore are not disposed to question the motives of party leaders in calling an extra session provided that a sewerage system will be made possible.

It is not generally known that the city of Baltimore is entirely without any adequate method of caring for house refuse. The prevailing method is by cesspools in a majority of cases and by private sewer pipes which, without exception, empty their contents into the harbor of the city, or the "Basin" as it is popularly known. This has naturally created conditions which are being more and more realized as hazardous to the health of the community. The principal business interests of the city are adjacent and in proximity to the water front at the basin. The basin being at the head of tide water has no current, and solid matter carried down Jones' Falls deposits itself in the form of a delta at its mouth. The basin has become a pot of corruption and during the heated summer season the effect upon even the least fastidious is nauseating.

The present mayor of Baltimore, whose administration of municipal affairs stands out in attractive contrast to many that have gone before, has pledged himself to the construction of complete and adequate house sewers and has stated that if an extra session of the legislature is held, he will insist upon the passage of an enabling act authorizing the city to issue its credit to an amount necessary for the purpose.

This in brief, is the present situation: There have been two reports made by a municipal sewerage commission assisted by scientific investigation, in both of which reports the main question of the necessity for sewers is strongly urged; they differ only as to the manner of disposing of the refuse so as to be unobjectionable to the people of both city and state. The conclusions of these two reports are generally acceptable to the administration and to the public, the press of the city being specially importunate to have an early beginning of the work. In general it may be stated that the cost of the proposed

system will be between seventeen and twenty millions of dollars. While this amount may seem very large, yet, when it is considered that it means a complete system of trunk, lateral and intercepting sewers, not to speak of the great number of connections into houses, for a city having between five and six hundred thousand inhabitants, with an estimated additional capacity for increase up to one million, the per capita cost is not extravagant. The public of Baltimore itself is in reality responsible for the large cost. From time to time the construction of sewers has been postponed, while at the same time valuable franchises have been granted by the municipality for occupation of the streets' sub-surface until low cost construction of any character is impossible.

The plan now being discussed contemplates, within the expenditure of the above stated amount, to repave the streets which will be torn up for sewers, with improved material from curb to curb. An early solution of the double problem depends upon securing authority from the legislature necessary to the issuing of a loan for the purpose before the details can be determined.

New Orleans.[1]—Local municipal government has for many years been guaranteed to the people of New Orleans by the state constitution. The members of the legislature from other parts of the state have never forced on New Orleans legislation opposed by the members elected by the people of the city. There is no central state authority or control over local policies, local taxation or local administration except that the state constitution limits the rate of *ad valorem* tax on property for alimony to ten mills, for interest on debt to ten mills, for interest on water and sewage bonds to two mills. The assessors to list and value property are appointed by the governor and the assessment or valuation for state purposes is used for municipal taxation. The city is prohibited from imposing a license or occupation tax (which must be graded) greater than that which the state imposes. It may impose a smaller tax but it has never failed to impose the maximum. A state board of appraisers assess or value property of railway, telegraph, telephone, sleeping car and express companies.

The governor appoints a part of the local school board, the majority of whose members, however, being appointed by the city council. The following boards are created by acts of the state legislature: The police board, fire board, drainage commission, sewerage and water board, board of liquidation of city debt, levee board and board of health. The members of these boards, however, are chosen by the mayor or the city council, generally by the city council. The latter has a check on the action of all the boards, in that it distributes the

[1] Contributed by B. R. Forman, Esq., New Orleans.

money to each. Two exceptions are the levee board, which has a special fund, and the board of liquidation of city debt. Thus it will be seen that the central state power in municipal affairs is very small, practically nothing as a legal power. It sometimes exerts political or moral influence through pressure on local politicians.

Cleveland.[1]—*Street Railway Franchises.* The street railways of Cleveland are owned by two different companies, the Cleveland Electric Railway Company and the Cleveland City Railway Company. The former has about 100 miles of tracks in and out of the city; the latter about eighty miles in and out. The franchises of the first company have an average life of about fourteen years; those of the latter about eight years. A number of attempts have been made during the past five years by one or both companies to secure a renewal of their franchises for twenty-five years, the period fixed by statute. During the present mayor's term of office the Cleveland City Railway Company has been persistently endeavoring to secure the passage of an ordinance that would extend its franchises. December last the Board of Control, which consists of the mayor and the heads of departments, and which, under Cleveland's "federal plan," passes on public measures of this kind in conjunction with the city council, reported favorably upon an ordinance drafted by the law department of the city granting renewal of contracts.

The chamber of commerce, which is the strongest civic body in Cleveland, asked permission to consider the ordinance whereupon the mayor referred it to that organization for consideration. The ordinance was received by the chamber of commerce and referred to a special committee of five which was to report upon: (1) the advisability of renewing the franchises of the Cleveland City Railway Company eight years in advance of the expiration, (2) whether the terms of compensation are sufficient, (3) whether the ordinance is satisfactory with regard to the safeguarding of the city's interests in its relations with the company. The special committee has had the ordinance under consideration for the past six weeks and during that time it has given a hearing to citizens, railway officials and others interested in the subject and is at present writing preparing a report for the chamber. The term of the mayor expires in April, the present city council is disposed favorably towards the street railway companies, and the chances seem to be very largely in favor of the acceptance and passage of the ordinance. It is generally conceded that if the Cleveland City Railway Company secures the passage of this ordinance that the Cleveland Electric Railway Company will ask for and be granted

[1] Contributed by M. A. Fanning, Esq., Cleveland.

a similar piece of legislation, as there will be no reason for granting the one application and refusing the other.

The concessions contained in the proposed ordinance are summarized as follows:

Universal transfers. Retransfers from Willson avenue (crosstown line) to its own lines. Six tickets for a quarter for the first twelve years. Seven tickets for a quarter for the last thirteen years. Option of making several down town streets free territory. The city is to be paid percentages of the gross receipts as follows: Two per cent for eight years, three per cent for the next six years, four per cent for the following six years, and five per cent for the last five years of the franchise.

The company is required: To pay half the city's share of abolishing grade crossings along its lines. To file cost of future extensions with the city clerk. To pave sixteen feet of the streets traversed by its lines. To furnish power for operating all the drawbridges on its lines. To file a list of stockholders, whenever required by the mayor, with the city clerk. To dedicate a thirty-foot roadway from its private right of way east from Hough avenue to Wade park to the city for a street. To sprinkle all its tracks, and to comply with the usual requirements regarding construction, maintenance of its lines, etc. Operation of suburban cars the city permits, but it reserves the right to regulate in every respect.

The ordinance is conceded to contain all the safeguards that the city has asked, which are not in the existing ordinances, and the chief feature of discussion is the terms of compensation. Of course there are many people who do not believe that the subject of renewal should be taken up until the expiration of the present franchises, when, they believe, there will be little difficulty in securing every advantage in arrangements for the future. Among these are the advocates of municipal ownership of street railways, but especially the wage-earners who are of the opinion that better terms can be secured from the companies or from other companies, when the existing contracts expire, than can be obtained now. However, many are of the belief that the franchise question should be settled as soon as possible, and that it is better to make new arrangements now and enjoy the benefits of them during the next eight years than to postpone the settlement of the question and run the danger of having a corrupt city council pass a measure, by no means so advantageous, at some time when the people are not prepared to resist it. It is generally conceded that the action of the special committee of the chamber of commerce will determine the fate of the ordinance. If this committee reports against the renewal of franchises at this time it is not likely that the

ordinance will be pressed for passage. If, on the other hand, the report is in favor of renewing the contracts now, it will give sufficient color of public sentiment to enable the railway company to press the ordinance through the council.

Cincinnati.[1]—Since last summer several questions of vital importance have interested the citizens of Cincinnati.

(1) An investigation of the accounts of the deceased clerk of the Board of Education revealed a shortage of nearly $200,000, a sum collected for tuition of non-resident pupils. The clerk was well known and had always been looked upon as a trusted employee. The school board funds must be deposited with the city treasurer and can be withdrawn only by proper voucher. The clerk neglected to turn over to the treasurer the amount collected by him as tuition, forged the treasurer's name to receipts, and the annual auditing committee of the Board of Education neglected to compare the clerk's books with those of the treasurer. Hereafter, it is needless to add, the auditing committee will examine all books.

(2) The present lease of the Cincinnati Southern Railway, a road 335 miles in length, running between Cincinnati and Chattanooga, and owned by the City of Cincinnati, will expire in 1906; at present, the lessee company pays an annual rent of $1,250,000. The immediate question confronting the trustees is whether to grant a new lease to the present company and upon what terms. A proposition recently submitted to the lessee company has been rejected by it. Public opinion is at present divided between the advisability of granting an extension to the present company now, or waiting until later. A large part of the community is in favor of a sale of the road, thus relieving the city from its anomalous position as owner of a railway, which it may have to operate at a loss. The general public, however, will not have an opportunity to express its opinion until November, 1901, at which time any agreement for a lease must be submitted for the approval of the people.

(3) The credit of the city is as high, if not higher, than that of any city in the country. In one week $1,000,000 3 per cent water works bonds were sold at a premium which put the issue on a 2.84 basis. During the time the money realized from this sale is idle it will draw 2 per cent interest from banks designated as city depositaries. Certainly this shows the excellent financial condition of the city.

The legislature will not be in session this winter, so there can be no legislation affecting the city.

Washington, D. C.[2]—The two most important events in the municipal affairs of the capital during the centennial year are the creation

[1] Contributed by Max B. May, Esq., Cincinnati.
[2] Contributed by Clinton Rogers Woodruff, Philadelphia.

of a Board of Education and a Board of Charities. They were provided by acts of Congress.

The Board of Education was created as the result of an investigation by the Senate Committee on the District of Columbia in order to improve the administration of the public schools, which was defective. The act of Congress collects in the Board of Education the diffused authority formerly entrusted to the Board of Trustees of the Public Schools and the Superintendent of Public Schools, and gives the board absolute administrative control under the Commissioners of the District of Columbia, who are authorized to appoint the board. It was appointed on the first of July, and has already made the changes necessary to improving the school system and restoring its management to the confidence of the community. The board is made up of some of our best citizens, white and colored, with the president of one of our two principal trust companies as its president, a man who has heretofore declined all public office. The members of the board receive $10 fees for each meeting attended, not to exceed in all $500 per year.

The Board of Charities was intended by Congress to bring into coherent system the numerous charitable institutions supported, in whole or in part, by public funds, and for which Congress appropriates, out of the Federal and District moneys, about seven hundred and fifty thousand dollars a year. They needed to be co-ordinated and kept under a central board having the power to supervise and inspect. The act of Congress authorizes the President to appoint five persons not connected with the institutions, and he appointed an admirable board on the first of July. Its personnel is like that of the Board of Education. As there was no such urgency in its case it is taking more time to plan its work, but the character of the members and their acquaintance with the subject, together with the selection of an expert secretary, a well-known member of the International Conference of Charities and Corrections, promise much for the city.

Voting Machines in Municipal Elections.—Considerable interest is being manifested throughout the country in the successful conduction of elections by voting machines. Several voting machines have recently been used with marked success, in some twenty-five cities in New York State, and at Northampton, Massachusetts. In New York State 377 machines were used, with a total vote of 350,000.[1] Last year was the first time they have ever been used in a presidential election.

In Buffalo when once properly started they worked all day without breakdown, hitch or trouble of any kind. The voting was exceedingly rapid, the rates varying from 80 to 150 an hour. At one place

[1] See ANNALS, vol. xvi, No. 3. pp. 139.

nine men voted in two minutes, and two of them declared that they had "split" their tickets. In eleven districts over 800 were registered, the three largest numbers being 872, 877 and 893. Yet every man who presented himself had plenty of time to vote, and there were parts of the day during which the machines were idle. Of the 66,600 voters in the city, 44,910, or about 70 per cent, had voted by noon, the polls having opened at 6 a. m. The polls closed at 5 o'clock.

The speed record of last year was far surpassed in the reception of the returns. The polls closed at 5 p. m., and shortly before that time a swift bicycle rider reported at every polling place, with a label on his machine which gave him the right of way over everything in the street and permission to make his utmost speed. In less than five minutes after the polls closed full returns from every district were on their way to the city hall, where the first one arrived at four and a half minutes past five. By half-past five returns had come in from 107 out of 108 districts, and the general result in the city was known. The rider from the missing district had lost his return and had to go back for another copy; but the lost paper was found on the street later and sent in by the police. The entire vote of the city for all candidates was printed in the evening papers by 7.30 p. m., and could have been out an hour sooner but for the accident above mentioned. The results, in all places where the voting machines were used, were placed at once on the wires of the Associated Press and the Bell Telephone Company, and were communicated to both presidential candidates before six o'clock. It is instructive to compare this work with that of the year 1896, when it took *eight hours and thirty minutes* to finish and file the returns from Buffalo!

The first and commonest objection to voting machines is that they foster "straight" voting; and one would expect this objection, if well founded, to be strongly confirmed in a presidential election, as that is the time when party spirit is supposed to be strongest. But the results in Buffalo show that it is entirely without foundation. All but two of the Republican candidates carried the city; but their pluralities varied greatly, as the following examples show: state controller, 5,760; president, 2,912; governor, 2,090; lieutenant-governor, 1,692. Further, one Republican candidate for Congress, whose district lies wholly in the city, was defeated, his Democratic opponent receiving a plurality of 380. It is evident, therefore, that when voting machines are used the people both can and do "split" their ballots just as freely and easily as with paper ballots.

After these two trials, no man in Buffalo has any doubt that the machine system of voting is the best that has yet been devised. It is fair, rapid, accurate, economical, and as nearly fraud-proof as it is possible

for any human device to be. The first and absolutely necessary step in all reform is to make sure that every election is an honest one—is a real expression of the people's will—and this the voting machine does without any uncertainty whatever. This feature alone is worth many times the cost of the machines, but it is not their only merit. The name of every candidate nominated appears plainly before the eye of the voter, where he cannot help seeing it, and all candidates are on exactly the same footing, because it is just as easy to move one indicator as another.

At *Northampton* (Mass.) seven machines were used, averaging about 450 votes to the machine. The number of blank votes was decreased at least 50 per cent as compared with those of 1896. *Cleveland* (Ohio) voted by majority of 5,000 for the adoption of the voting machine. Although the legislation of 1900 made it possible for cities of Ohio to adopt the voting machine, Cleveland alone voted on the proposition. Now that Cleveland has adopted the machine plan of voting there is little doubt but that other cities will follow.[1] *Ithaca* (N. Y.) has used the machines in three elections. The city clerk estimates that in polling 2,800 votes the machine saves the city about $500 a year by dispensing with the services of election officers and by saving printing expenses. At the last election the results of the city's vote were made known in about fifteen minutes after the closing of the polls.

Chicago reformers are considering the introduction of the voting machine, and a Chicago alderman recently published an earnest appeal for machine voting. Reports from Idaho indicate that a proposition is to be made to the Idaho Legislature to introduce machines in that state. A test election at the University of Pennsylvania, at which 902 students voted with the Standard Voting Machine, has aroused not a little enthusiasm for machine voting in the State of Pennsylvania. The result was counted and recorded in one minute and a half after the close of the polls, in striking contrast to the tardiness of the count at the Philadelphia presidential election the following week. The Pennsylvania press gave considerable space to the discussion of machine voting, which, it will be remembered, is part of the ballot reform program to be acted upon by the present legislature.

[1] The portion relating to Buffalo was contributed by A. C. Richardson, Esq., Buffalo, N. Y.

II. THEORETICAL SOCIOLOGY.

The Origin of Totemism.[1]—The facts in regard to totemism presented by Messrs. Spencer and Gillen, in their thorough and comprehensive treatise upon the customs of the native tribes of Central Australia were at once seen to cast light upon the origin of that remarkable institution of savage society. In articles published in the "Fortnightly Review" for April and May, 1899, Mr. J. G. Frazier marshaled those facts as proof that "the totem clans are essentially bands of magicians charged with the duty of controlling and directing the various departments of nature for the good of man." He reached the conclusion that totemism is "primarily an organized and co-operative system of magic designed to secure for the members of the community, on the one hand, a plentiful supply of all the commodities of which they stand in need, and on the other hand, immunity from all the perils and dangers to which man is exposed in his struggles with nature."

This conclusion appears to have met with general acceptance, and it has not perhaps been sufficiently observed that the facts collected from the study of the Australian aborigines afford a more simplified explanation of the origin of totemism, and at the same time make plain the greatest mystery involved by it—the belief that the totem was the progenitor of the clan, and that direct ties of kinship exist between the totem and the totem clan. It may be remembered that Herbert Spencer found this a difficult problem, and in his essay upon "The Origin of Animal Worship" he argues, as the most satisfactory hypothesis, that the idea of kinship began in the use of nicknames whose metaphorical significance was gradually forgotten so that a common designation for men and brutes led eventually to the assumption of kinship between them. Thus, to use Mr. Spencer's own illustration, a warrior whose method and prowess caused him to be named "the Wolf," might leave progeny who would be known as the Children of the Wolf, or simply as Wolves, and these Wolves would from identity of name come to be regarded as akin to the brute wolves and as the fittest persons to propitiate the brute wolves and regulate the relations between the tribe and the wolves prowling around the camp. This hypothesis harmonizes with the existence of totemism as a system of co-operative magic, but it does not fit in with other facts collected by Messrs. Spencer and Gillen, and those other facts remove the difficulty to meet which Mr. Spencer had recourse to the hypothesis he adopted. Mr. Spencer took as his postulate that savage ratiocination

[1] Contributed by Mr. Henry Jones Ford, of Pittsburg, Pa., December 26, 1900.

is not essentially different from ours, so that so strange a notion as belief in human descent from animals, plants or inanimate bodies had to be reconciled with the physical fact that mankind is propagated by the union of the sexes. But it appears that the native tribes of Central Australia have no notion whatever as to the connection between sexual intercourse and the birth of children, and even when the idea is suggested to them, they steadfastly reject it as absurd and incredible. They obey the mating instinct as do the brutes, and with no more appreciation of remote consequences. Conception is accounted for as being the incarnation of the totem within whose sphere of influence it is experienced. Messrs. Spencer and Gillen give some curious accounts of the precautions taken by the women to keep the totem spirit from slipping into them.

Such facts suggest a rational and intelligible explanation of the origin of totemism. Primitive man instinctively imputes personality to every manifestation of power. He refers natural phenomena to such motives and intentions as he is conscious of in his own nature. This is a phase of mental development through which childhood still passes. In portraying in verse the moods of childhood, Robert Louis Stevenson has depicted the savage attitude of thought with scientific accuracy. Take, for instance, the little poem entitled "The Wind":

"I saw the different things you did,
But always you yourself you hid;
I felt your push, I heard you call,
I could not see yourself at all.

"O you that are so strong and cold,
O blower, are you young or old?
Are you a beast of field or tree,
Or just a stronger child than me?"

Now, with such an attitude of thought, it is easy to comprehend that a squaw, tousled and upset by a gust of wind, on finding herself pregnant while the memory of the occurrence was still fresh, would lay the circumstance to the account of the wind or to any supposed personality with which the power of the wind was associated. It will be noted as the rule of totemism that its nomenclature and classifications reflect the important circumstances of the life of the tribe in their relations to external things, with such relative prominence as those circumstances possess in the social economy of the group. The ever-present necessity of subsistence will make the dominant mental prepossessions those relating to the animals and plants, or to the physical conditions on which the subsistence of the group depends,

or from which its principal dangers are experienced, and the various personality imputed to both these sets of phenomena is registered in the totem names. We must refer the origin of totemism to a period when the relations of the sexes in the savage horde were controlled solely by the sexual instincts, and when paternity, with its sense of individual motive, rights and responsibilities, was completely obscured by the primitive collectivism, antecedent to human society. When children were born, like other physical phenomena, they were imputed to the direct agency of the mysterious personalities encompassing the group, from which by force or favor the group wrung the means of subsistence. Children received totem names just as our children receive family names,—to designate their origin; and the process of reasoning in both cases is one and the same. Thus in the primordial, homogeneous social cell, the food-seeking group,—a process of differentiation began under the play of external influences, and social structure had its beginnings in totemism. The social and religious functions which totemism assumed were developments employing and elaborating the structure of totemism but not originating that structure, and those developments may be expected to vary with the accidents of existence, so that along with fundamental identity in the nature of totemism a variation in totem customs may be expected among different peoples, the extent of the variation corresponding to the diversity in the conditions of existence. The tribe, the clan, the family, and in fine, all social, religious and political institutions, may be regarded as sequences of the structural process whose initial phase was totemism. It will be found upon examination that all these developments conform in order and method to the general laws of biological developments.

Child Suicide in Prussia. [1]—In a recent number of "*Die Woche*," Dr. Eilenberg contributed an article on the subject of youthful suicides in Prussia. He confines the word "Jugendselbstmorde" to those under twenty years of age, and gives the following interesting statistics: The number of suicides in Prussia under twenty years of age, in 1876, was 21.2 per 100,000 persons; in 1877, 23; in 1878, 24.1; and in 1896, the last year for which the statistics are complete, the number was 32 per 100,000 persons. These facts show an increase of over 50 per cent in twenty years.

The number of suicides in Prussia in 1896 was 6,497, of which 5,073 were males and 1,424 were females. Of these there were under 10 years of age, 2; between 10 and 15 years of age, 63; between 15 and 20, 444; making the total number of suicides, under 20 years of age, 509; of whom 333 were males and 176 were females.

[1] Contributed by Mr. Frank E. Horack, Halle a/S., Germany.

The official statistics assigns the following causes for the suicides of those under twenty years of age:

1. Satiety of life in 22 cases (15 males, 7 females).
2. Bodily afflictions in 11 cases (9 males, 2 females).
3. Insanity in 60 cases (39 male, 21 females).
4. Passion in 57 cases (23 males, 34 females).
5. Vice in 12 cases (9 males, 3 females).
6. Mourning in 1 case (male).
7. Grief in 12 cases (10 males, 2 females).
8. Remorse, regret and shame in 103 cases (66 males, 37 females).
9. Anger and quarrel in 43 cases (29 males, 14 females).
10. Ulterior motives in 12 cases (10 males, 2 females).
11. Unknown in 176 cases (122 males, 54 females).

The writer concludes that two chief factors can be assumed with some certainty for the great mass of "unknown:" (1) Those who are not actually insane, but have inherited a diseased, nervous constitution; (2) The pernicious family relations, or lack of domestic relations.

To show the possible relation of modern city life to the number of suicides, Fritz Zily submits the following facts: In 1816 there were only 45 competitors to the square kilometer in the German states, while in 1895 there were 95 to the same area. In 1895, 49.2 per cent of the entire German population was living in the cities. Every eighth individual lived in a city of from 2,000 to 5,000 inhabitants; every seventh to eighth man in a city of from 5,000 to 20,000; every tenth man in a city of from 20,000 to 100,000; and every seventh to eighth individual in a city of over 100,000 inhabitants.

While these facts are not conclusive as showing that the crowding in the cities is responsible for the large number of suicides, they are at least suggestive, and worthy of further investigation.

III. PHILANTHROPY, CHARITIES AND SOCIAL PROBLEMS.

School Gardens in Europe.—The special consular report on the subject of school gardens in Europe issued from the Bureau of Foreign Commerce of the Department of State as Part II of Volume XX, is an exceedingly good illustration of the weakness of this method of obtaining information. The instruction from the department addressed to certain consular officers of the United States on June 8, 1899, was as follows:

> GENTLEMEN:—You will please prepare a report upon the founding, progress and practical working of school gardens in your respective districts. Sketches and photographs of subjects appropriate for pictorial illustration covering classes actually engaged in collecting or transplanting specimens; groups of children at garden, dairy, or kitchen work; schoolroom experiments in plant growth, etc., will add materially to the value of your replies.
>
> The reports will be published in the consular reports.
>
> I am, gentlemen, your obedient servant,
>
> THOMAS W. CRIDLER,
> *Third Assistant Secretary.*

There are few teachers who would not be somewhat puzzled by this instruction, and the consuls deserve credit for having interpreted it broadly. Replies include information regarding kindergartens, day nurseries, primary schools, horticultural schools, practical schools of agriculture, teachers' seminaries (provided a plot of ground is attached in which the teacher is expected to cultivate flowers and vegetables), commercial schools (provided the recreation grounds are supplied with trees), technical schools (provided there is a botanical garden attached), ordinary gymnasia, annual conventions of the National German Agricultural Society, and even a National Agronomical Institute.

It appears from a modest paragraph which concludes the statement of the vice-consul general resident at Frankfort that "the Prussian administration of education has no knowledge of any such schools." Here the matter might conceivably have been allowed to rest since the above mentioned department is reasonably well informed in regard to the educational developments in that kingdom. The consular districts of Hamburg, Hanover, Stuttgart, Cologne and a few other cities are similarly barren of school gardens.

The Consul General at Berlin, however, has discovered that the school garden as an educational institution is by no means the embodiment of a new idea. Locke wrote on the subject more than two hundred years ago and in the last century the proposal to establish school gardens was regarded with such favor that it is probable that

the plan would have been adopted throughout Germany had the wars of the French Republic and Empire not checked educational progress. In spite of the ignorance of the Prussian department the Consul General finds a few school gardens in Prussia but concludes that on the whole the movement to extend this branch of education cannot be said to have attained an importance at all proportionate with the high and rapid growth of German education in other branches of study. In Sweden, Austria, France and Switzerland, however, which countries lie beyond the boundaries of his immediate consular district, the writer discovers several thousand school gardens.

That the subject is one which suggests conditions other than what appear upon the surface is obvious from the following statements:

"Agriculture is at best a precarious pursuit in Germany, where land is costly, exhausted by centuries of cultivation, and dependent for productiveness upon expensive and constant manuring. Seasons are uncertain, and every agricultural product except fresh vegetables is exposed to the competition of products imported from countries where the conditions of growth are more favorable than here. For these reasons, the educational energy of this country has been turned into the branches of study that will give the people higher efficiency in manufacture and commerce, with what conspicuous results the present splendid industrial prosperity of the German people abundantly testifies."

The report contains some interesting information, but it would reflect greater credit upon the department if the instruction had been more definite and if there had been some indication as to who desired the information called for and the practical purposes which the reports would be expected to serve.

Social Reform in New York.—The citizens of the State of New York who are interested in legislation on social and charitable subjects will find their work for the present winter chiefly in watching the course of the legislature in reference to certain recommendations made by the new governor, in the discussion of the report of the charter revision commission and in the consideration of the report of the tenement house commission.

In his message to the legislature Governor Odell proposed the virtual abolition of the state board of charities and the substitution of a single salaried commissioner. In deference to a constitutional provision that there must be a state board of charities, the governor suggested that there should be associated with the commissioner two other state officials, to be designated by the governor from a list to be enumerated in the new statute reorganizing the board. A similar change was proposed for the prison commission, and it was recommended that the bureau of labor statistics, the board of mediation and arbitration and the department of factory inspection be consolidated in the new department of labor. All these, with other changes,

were recommended in the interests of economy. The Consumers' League has made a vigorous protest against the recommendation in regard to the department of labor and especially against the accompanying recommendation of a reduction in the number of inspectors. The function of the department of factory inspection of the State of New York is a matter of national importance because the products of the garment workshops of this state (for the wholesome condition of which the department is responsible) are sold in every state and territory in the United States.

From the nature of the work to be done, the duties of the factory inspectors and the bureau of labor statistics actively conflict, because the gatherers of statistics of wages must have access to the books of employing firms and must have interviews with the employers on an entirely different basis from that of the factory inspectors, whose sole function should be to enforce upon all parties obedience to the laws of the state. It is essential to the efficiency of the work that the factory inspectors be kept entirely independent of all other departments of the government, because, they, themselves, form an executive branch of the government, charged with the duty of prosecuting violators of the law.

In the opinion of the Consumers' League of the City of New York, the economy which the present situation demands in relation to the department of factory inspection consists in raising it to the highest efficiency; by giving it thoroughly able and efficient persons in the positions of chief inspector, assistant inspector and licensing inspector; an adequate staff of deputy inspectors and sufficient funds wherewith to perform its extremely important and far-reaching duties.

An even more emphatic protest is made by the charitable societies against the proposition to reorganize the state board of charities. A statement prepared on behalf of several of the leading societies of New York City points out that there is no economy in the proposed plan; that the measure would destroy the non-political character of the board and would tend to introduce partisan politics into the management of the public and semi-public institutions of the city; that the present system has protected these institutions from the influence of partisan politics for the reason that the present board is slowly changing and practically unpaid; that the present system has resulted in important economies, in the construction and management of state and local institutions (at least a million dollars has been saved by the operation of the rules of the state board of charities in regard to dependent children); and that the composition of the board as proposed is vicious. The single commissioner, who might be an expert, could be out-voted by the two other members of the board who were

elected to devote their time and energies to other matters. The experience of other states with small paid boards has indicated that a board consisting of several members serving without compensation or with small compensation is safest and most useful. Such are the boards existing under slightly varying designation in Massachusetts, Connecticut, Pennsylvania, Maryland, Ohio, Illinois, Indiana, Michigan, Minnesota and other states. The principal point raised in the statement issued by the societies is that the board should remain a deliberative body. The powers of the board regarding the reception and retention of children as public charges in charitable and reformatory institutions inevitably influence the religious and moral training which such children are to receive, and determine to some extent the character of the entire environment of the helpless wards of the state. At what age children are to cease to be public charges, under what conditions they may be transferred from one institution to another, under what conditions they may be placed out in foster homes, whether suitable hygienic and physical conditions are present, and numerous other similarly vital considerations are partly subject to regulation by the board and partly determined by statutes for the execution of which the state board of charities is in large part responsible. Under the present form of organization no change in the rules or methods of the board can be made except after discussion by members who represent diverse views and diverse interests.

The chapter relating to the Department of Public Charities in the bill embodying the recommendations of the Charter Revision Commission is excellent. It provides for a single commissioner for the entire department, instead of three commissioners with distinct territorial jurisdiction, as at present; for a children's court and for the separation of the principal public hospitals from the charities department and the creation of a department of public hospitals. Concerning the last of these three propositions expert opinion is divided. The plan recommended by the commission is for an unpaid board of seven members, of whom one is to retire each year. Under this board there would be a salaried director with large administrative powers. There are numerous minor changes for the better in the charities chapter and in the chapter relating to the department of correction. The commission recommends the complete reorganization of the police department, but it is probable that the legislature will have passed a separate act for the government of this department before much attention is given to the report of the commission as a whole.

The Death Penalty as a Preventive of Crime.—In at least six states there has been recent active discussion of the death penalty for murder. In Kansas and Colorado it is proposed to introduce capital

punishment. In these two states atrocious lynchings have given the opportunity to believers in capital punishment to say that if the law had been operative the lynchings would not have occurred. In Massachusetts and New York, on the other hand, there is a movement, which in Massachusetts at least has strong backing, to abolish the death penalty. The governor of Kansas is reported to have said that the lynching in that state will almost certainly result in a return to capital punishment. The attorney-general of Massachusetts insists that the punishment of murder by death does not tend to prevent or diminish that crime, and that the infliction of the death penalty is not in accord with present civilization; that it is a relic of barbarism which the community must certainly outgrow, as it has already outgrown the rack, the whipping-post and the stake. In Wisconsin a bill has been introduced providing capital punishment for certain degrees of homicide. In Maine also, where capital punishment was abolished in 1887, there is pending a bill to re-establish it. The state librarian has published a leaflet detailing the experience of the state on the subject. The salient points of this history are reproduced as likely to be of peculiar interest in view of the present widespread discussion.

In 1820 the crimes of treason, murder, arson, rape, burglary and robbery from the person by violence, were punishable with death by hanging. In 1829 the penalty for burglary, rape and robbery was reduced to imprisonment for life. In 1837 the law was further modified so that one convicted of murder and sentenced to be hanged, should be confined in the state prison a year and a day, before execution, and until a full record of the proceedings had been submitted to the executive, and until such time as the executive should issue his warrant ordering the execution.

In 1844 the law was further modified, requiring that all persons under sentence of death, should suffer solitary confinement and hard labor in the state prison, until such sentence was carried into effect.

It will be seen that by the law of 1837, the execution of the death penalty was, in a measure, left to the discretion of the executive, since there was no limit of time within which he was, by law, compelled to issue his warrant of execution. The responsibility thus created was so great and the sentiment against the death penalty so active and aggressive, that there was no execution in this state for nearly thirty years.

In 1867, the governor called the attention of the legislature to the fact that there were ten persons under sentence of death, confined in the state prison, one of whom had been there over twenty years. He suggested that the penalty be abolished, or the law so changed as to require the governor to issue his warrant of execution within a time

certain and fixed. In 1869 a law was enacted requiring the governor and council to review the finding of the court in cases of conviction and sentence of death, and commute, pardon or cause the prisoner to be executed within a certain length of time after the date of the original sentence.

In 1870, and again in 1874, the governor entered his protest against the law of 1869, declaring his belief that it was unconstitutional, since it imposed juridical functions upon the executive department.

In 1875 the legislature amended the law of 1869, so that the governor was required to issue a warrant of execution within fifteen months of the date of sentence. In 1876 the death penalty was abolished altogether. In 1883 the death penalty for murder alone was re-established. In 1885 the governor, referring to the death penalty, remarked that there had been an unusual number of cold-blooded murders within the state during the two years last passed, and that the change in the law relating to murder had not afforded the protection anticipated. In 1887 the death penalty was again abolished.

The strong minority opposed to the death penalty had much to do with its non-enforcement from 1837 to 1867, and the enforcement of the law from the latter date until 1876 had more to do with its abolition; since the executions during this period awakened discussion and debate upon the subject, and brought the people face to face with their responsibility and duty in the matter. Professor Upham, of Bowdoin College, and Rev. Sylvester Judd, of Augusta, Me., by their speeches and written arguments against capital punishment, created a deep-seated and widespread sentiment in the minds of the people against this mode of punishment. The Society of Friends within the state were ever urging in their petitions to the legislature for the abolition of the death penalty. The sentiment of the people is now so strongly against capital punishment that it is predicted that the law will never again be enacted in Maine.

On the general question as to whether the abolition of the death sentence would lead to lynching, it is possible to secure evidence. The question is whether the abolition of capital punishment in Maine, Wisconsin and Michigan, in Switzerland, in Italy and in Russia has stimulated lynching. The negative answer is very positive. It can even be shown that the number of murders has not increased. On the contrary, in most countries where capital punishment has been abolished it has decreased. There is another pertinent question, viz.: What relation does the number of indictments for murder bear to the number of convictions for murder in countries where the death penalty exists, and in countries where the death penalty does not exist? It would be difficult to obtain accurate statistics on this subject, but the

advocates of the abolition of the death penalty claim that in the southern states where the death penalty is in force there is vastly more lynching so far as colored criminals are concerned, and that in the case of white murderers there is less chance of conviction than in countries and states in which the death penalty is abolished. It may readily be claimed that one reason for the recent rapid conviction of four criminals in Paterson, N. J., is that the jury under the law could agree on a verdict for murder in the second degree, involving imprisonment only, when they could not agree on a conviction for murder in the first degree, involving a death sentence.

The governor of Indiana, in his annual message, suggested that kidnapping, like murder, should be punished by the death penalty.

Convict Labor.—The system of leasing out convicts to private parties, which has been in force in Louisiana for thirty years, came to an end on the first of the year, anticipating the provisions of the constitution of 1898, which prohibited the leasing of convicts after the expiration of the existing lease in March of the present year. The problem of selecting the right kind of labor for the convicts has been a puzzling one to the board of control of the state penitentiary, but selection has been made of a sugar plantation in one locality and a cotton plantation in another. Both properties are said to be well equipped with the necessary machinery to cultivate and handle the crops. The young able-bodied colored convicts however are to be employed in building levees under state care, while some of the white convicts and the more intelligent negroes are to remain in the penitentiary proper, employed in industries to be created. Several other southern states, where the mild climate permits of outdoor work nearly the whole year, are trying the effect of convict labor on the state farms.

Successful experiments have been made in Oneida County, N. Y., in employing convicts in road-making. It is held that road-building competes less with free labor than most other occupations. Good roads are needed and there is small prospect of free labor building enough of them. In Monroe County men have been employed in raising large crops of oats, potatoes, cabbages and onions. The diversification of the industries of convicts is to be commended, especially in the direction of those occupations which are physically and morally healthful.

The experiment has attracted much interest and the subject has been taken up actively in the legislatures of several other states. The warden of Kings County Penitentiary, Brooklyn, has proposed a plan by which the convict labor of the entire state so far as necessary be utilized in constructing a great state highway from New York City to Buffalo.

The "Charities Review."—The "Charities Review," of which Mr. Herbert S. Brown has been editor, has been incorporated with "Charities," the weekly periodical published by the New York Charity Organization Society, and will henceforth appear as a monthly number of that periodical.

The "Review" has completed the fourth of its historical studies in American Philanthropy of the Nineteenth Century. Those which have thus far appeared are: "Children, Destitute, Neglected and Delinquent," by Homer Folks; "Care and Relief of the Poor in their Homes," by Edward T. Devine; "Hospitals, Dispensaries and Nursing," by Henry M. Hurd; "Institutional Care of Destitute Adults," by Robert W. Hebberd. "The History of Preventive Work," by Joseph Lee, is still in progress and will be continued in the monthly "Charities Review" number of "Charities."

Prevention of Fires in Institutions.—The "Charities Review" for February contains some trenchant paragraphs on the subject of the failure to take proper precautions against fires in charitable institutions:

"It is nearly a year since we last had occasion to note any specially disastrous institution fires. The season of overheated flues has returned, however, and the story begins once more. It is hardly worth while to try to locate specifically the responsibility for the fire at the Rochester orphan asylum by which some thirty of the inmates have met their death. Of course, the building was inflammable; of course, there was no night watchman; of course, there was not any very good way of getting out in a hurry: these things cost money, and charitable institutions must economize. In possibly five hundred other institutions in this country the conditions which made the Rochester disaster are duplicated. No one thinks of accusing the management of any of these institutions of criminal negligence. On the contrary, they are felt to be showing a commendable spirit of thrift in getting along with the least possible drain on their contributors. For instance, the managers of the Buffalo orphan asylum, with perhaps one hundred and fifty inmates in an old building of wood and brick of the rapid-burning type, with wooden staircases, supplemented by two narrow iron ladders, with no night watchman, and with no fire-drill, are said to be patiently plodding along in the hope of a new fireproof building some day; in the meantime 'doing the best they can with the money which charitable people have given them to work with.' The Rochester society happened to get caught, the Buffalo institution to escape. The conditions were identical and the responsibility is identical. . . .

"But economy is not the only factor in evidence in our annual list of fire fatalities. Inexcusable indifference on the part of managers,

coupled with inexcusable indolence on the part of superintendents, brings about a condition of affairs such as is reported in a statement before us, presumably correct, regarding a fire in the insane annex of a county almshouse in Ohio. Here, it is stated, the discovery of the fire so demoralized the attendants that the keys to the 'cells' were lost and doors had to be broken open. One old man could not get out. Aside from the fact that if Ohio legislators had a keener eye for lasting economy there would have been no insane 'cells' in this almshouse, it is perfectly evident that the superintendent of this particular institution had not seriously considered what he and his helpers would do in case fire broke out.

"It is just at this point that the value of a state supervisory board comes in. So long as the local overseers are the final arbiters in all matters relating to the almshouse, so long will there be found some institutions run with complete indifference to the welfare of inmates; some with a robust kind of care which means well, but which knows little; none with the complete equipment of experience which an inspecting and advising board carries from one institution to another and from other states to its own. Who is to suggest to the isolated county superintendent the utility of a fire-drill if not the state board? . . .

"State boards of charity are not yet very strongly established in the American body politic, and their power, even when statutory or constitutional, has yet to be enforced with the utmost mildness and indulgence, lest they lose what hold they have. Scarcely a legislative season passes in which an effort is not made in several states to overthrow or cripple these boards, either to satisfy the spoilsman or to wreak vengeance for some 'interference' on the part of the board for better conditions in institutions.

"The evidence is so completely against the decentralization of administration in charity,—at least of supervision of charity,—that one is compelled to admit that the successful introduction of a central supervising board of charity is for any state a distinct step toward both economy and humanity. On the other hand, any effort to cripple such a board, even on the ground that it does its appointed work unsatisfactorily, must be made facing the only alternative to these boards that history has yet given,—indifference to the welfare of public wards, varying from simple neglect to mediæval inhumanity; economy, if any at all, that stints the beans of to-day while it breeds the beggars of to-morrow; discipline that restrains and rebuffs the hungry and sick, but keeps open house to the calloused vagabond; education for the child with almshouse for kindergarten, workhouse for intermediate, and jail, hospital, or asylum for the finishing touches."

The "Review" proceeds to give an account of the rescue of the charitable institutions of the State of Indiana from the political spoilsmen, a reform which has required over ten years for its accomplishment, and which is full of significance to the states which have not yet reached the same plane and those other states which, having reached it are in danger of retrogression.

Annual Reports of Charity Organization Societies in New York and Massachusetts.—The New York charity organization society publishes a report which gives evidence of condensation and even omission in order to bring within reasonable compass a review of its diversified activities. Tenement-house reform is placed foremost.

The report contains, however, a general survey of charitable legislation in the state and of charitable administration in the city of New York, giving special attention to the reform instituted by the society two years ago in preventing the breaking up of families and the commitment of children to institutions, when this can be done by providing assistance privately at home. It is reported that in some instances parents are so anxious to keep their children that the task is easy, even though the amount of money required is considerable. The gratitude shown for the assistance through which it becomes possible to avoid the dreaded separation and the stigma of becoming a charge upon the public treasury, is ample reward for all those who have had a share in the undertaking. In other instances, a large amount of work besides the supply of relief has been necessary. For example, in one case the agent of the society induced an employer to lend money to get the family out of furnished rooms, secured the discharge of children from an institution in Brooklyn, arranged for the admission of the woman into a maternity hospital, later brought about the arrest and imprisonment of the husband, persuading the wife to appear against him in court, and relatives to shelter the woman and children for a short period, secured a suspension of sentence and parole for the man, and by visiting the former employer secured his return to his former position, and obtained an excellent friendly visitor for the family. In a word, the breaking up of the family, repeatedly threatened, was averted, there having been every reason to believe that the man contemplated desertion after the children were committed. The greatest difficulty arose in the not infrequent cases in which the head of the family deserts the wife and children in order to secure the commitment of the latter.

One of the causes of the large number of applications from certain elements of the foreign population is a current misconception of the status of inmates of institutions. A Syrian priest, for example, has remarked that there is a strong prejudice among Syrians in favor of

the "school," and all who are familiar with the magistrates' courts or with the department of charities know of the prevalent notion among Italians that their children are being "sent to college." It does not appear that there is any difference, in the minds of many people, between attendance in the public school and entire maintenance in an institution where an education would be obtained and perhaps a trade learned at the expense of the city. One family living in affluence in an expensive apartment was very much astonished when an examiner from the department of charities suggested that the expenses of the education of the children should be met by the parents. In another instance one of the managers of an institution indignantly demanded whether the agent of the charity organization society wished to make paupers of the family. What the agent had proposed was that the mother should be helped privately to keep her children instead of having the city pay for them in the institution. It is a curiously distorted view that would make a pauper of a family which is helped privately at home, but does not recognize as a pauper one whose children are a public charge.

Another still more striking instance is that of a West Indian negro who is quite capable of supporting his family, but who left them to their own resources, with the result that at least one of the children has been committed as a public charge. The father, whose whereabouts were unknown for a time, has been located as a student in a university in a neighboring state, the president of which writes concerning this student: "He is in our sophomore class. He is diligent and successful in his studies. We regard him as a very reliable and promising man. He appears to be under the control of good principles, and we are glad to cherish toward him a growing confidence."

The Buffalo charity organization society, in its annual report, concentrates attention upon the constructive work of its district committees, pointing out that for some time this has been comparatively neglected as compared with the attention given to incidental and later features.

A recent great extension of the church district plan makes it cover very nearly the whole city. This is one of the most interesting experiments now in progress in the field of organized charity. The plan itself was described in the "Charities Review" for March and May, 1898. The report of last year confessed a partial failure due to the unwillingness of the district committees to refer their families to the churches which on the invitation of the society have accepted the responsibility for particular districts. A rule was adopted in November, 1899, abolishing the discretion of the district committees, and requiring the reference of all families residing within the assigned districts.

This completed the conditions essential to the thorough trial of the plan, nearly the whole city having been satisfactorily assigned. We are not yet, however, assured that the plan is a success. The most that its immediate advocates claim is that it is succeeding. Perhaps, however, this is a commendable example of moderation in claims. That it has been in operation for five years, and that it has not been abandoned or undermined, but rather has been strengthened and extended, is much in its favor. Many "movements" which are heralded as revolutionary in character can claim less. The present report says that in the past year twenty new districts have been taken, making the total number over one hundred, and that in almost every denomination all the churches of importance now participate in this plan. On confident days it seems as if through this organized attack in another generation bestial poverty would be fairly driven from the field, but at present the difficulties of the church district plan are conspicuous. It is not popular with the agents of the society, not so much because it involves infinite detail and because a reference to a church often doubles their labor instead of lessening it, but because they see so often that it means delay and suffering to the poor. The district committees also hesitate to surrender a family in need to the weakness, dilatoriness, or apathy of some churches. A few notes by the agent of one of the district committees illustrate this. In reading them it should be borne in mind that urgent need is relieved at once by the society, with no delay whatever, before the family is referred. "Agent called twice and wrote once for reports. One month after being referred was told by church visitor that she intended to call." "Agent has called and written for reports. Visitors, all young girls. I have no knowledge of families having been visited." "In each case visits were made one month after being referred." "Reports have been repeatedly promised by pastor. So far as agent knows, families have not been visited." "Pastor of this church says he understands the needs and work of the district better than anyone else. Charity organization society plan amounts to nothing. No time for reports." It is but fair to add that these could be fully matched by as many notes by the same agent, of wise, prompt care and good visitors.

The conclusion of the matter, in the words of the report, is: Unwise charity is as formidable under this plan as neglect or delay, but unwise charity has existed, is existing, and will exist, unless educated. The test of success of a charity organization society is its power to influence the charitable work of its community. What has been done is so much less than it might be that it often seems less than it is. A century ago it would have been Utopian to conceive of one hundred churches in a city, Catholic, Protestant, and Hebrew,

banded together for a common purpose, and relieving each others' poor.

The report of the New York association for improving the condition of the poor contains interesting statistical data and an account, necessarily condensed, of the various activities of the association: the relief department, fresh-air work, people's baths, Hartley house settlement, Cooper Union labor bureau (recently discontinued), and the committee for boarding infants from the hospital on Randall's Island (conducted jointly with the State Charities Aid Association).

The reasons assigned for closing the labor bureau are given as follows: (1) Improvement of business conditions in the city, lessening the number of the unemployed. While there are still many men out of work, the number is much smaller than when this work was begun. (2) The announcement by some of the intelligence offices that employers can secure help from them without charge. (3) Free labor advertisements published in a daily paper of large circulation. (4) The establishment of a free labor bureau by the state; also by other philanthropic agencies. One of the objects which the committee has had in view from the first has been the fostering of enterprises that could take up the work and carry it on successfully. (5) The growing belief that the state is able to conduct a free employment office better than a philanthropic society can, because of its wider sphere of influence, its ability to ascertain the needs of different sections of the state, and also its power to secure legislation tending to decrease the evils of the average intelligence office. Important steps in this latter direction have already been taken, much-needed laws having been secured since the state bureau was opened. (6) Lack of adequate support to compete with agencies which have an expensive office force, employ canvassers, and insert advertisements calling attention to their work and their available applicants.

What is an associated charities for? The Boston society of that name answers this inquiry in its annual report in a way which will answer equally for a charity organization society or a bureau of associated charities.

According to the directory of charitable and beneficent organizations published by us in 1899, there are in the city some 250 relief-giving societies, hospitals, and homes, besides many semi-charitable agencies. How is a person in need of help to know where he should apply; at which of these many doors he should knock?

More often than not the poor person who comes to others for help is lacking in judgment and foresight. When an extra trouble falls upon him he is bewildered, and turns to the nearest means of assistance, however unsuitable or inadequate and far too often passes by in

his ignorance the remedy of which he is in need. The best thing for him may be hospital care, or a convalescent home or a temporary home for his children, while the mother is in a hospital, or a loan on moderate terms so as to start again in business, or to place his boy at an industrial school or on a farm under the care of a children's society, or to move his family to the country where work is to be had,—or several of these remedies together. Sometimes he knows what the right thing is, although not how to get it; but more generally he does not know what he requires, and asks for something quite different. Above all, however, he needs an intelligent and interested adviser and friend, who will put him in the way of getting the right assistance; and here comes the opportunity of the associated charities.

Scattered over the city are sixteen district offices. At each is to be found every day, at certain hours, a devoted agent of the society, a person of sympathy, intelligence, painstaking care, infinite patience, and good-will; and who, having knowledge of the manifold possibilities of the city, can obtain the immediate relief by food or fuel, which may be necessary, while plans are being made for the longer future and against the recurrence of distress. Each new agent is trained by a hard course of work and study under experts for her office of "friend in deed." Behind this paid worker, who visits, investigates, reports, and relieves all pressing suffering at once, is a conference, a body of volunteer visitors, who meet once a week to discuss the cases brought to them, and to plan the right means of helping, whether for a few days or for long years. These volunteers, the actively interested friends of the people in the district, feel the need of counsel and deliberation that they may pursue wisely their work of guiding the lives of those who confess their inability to care for themselves. Not only do these friends meet in full conference weekly, but daily also in small groups, so constant are the calls for advice from every side.

To bind together the different groups of helpers, there is the central office, or bureau of exchanges, where the histories of distressed families are kept privately, where information passes continually and confidentially from the different relief societies and individuals to us and to each other. At this office, meetings of the directors are held constantly, and the general plans and principles of the society are worked out. Here the agents meet in council, the secretary conducts classes in the study of charity, and here the work of the whole is unified and directed.

National Conference (1900) of Charities and Correction.—The proceedings of the Twenty-seventh National Conference of Charities and Correction, held at Topeka, May 18 to 24, 1900, have just been published. The "reports from states" in the present volume include

reports from Canada, Mexico and Cuba, as well as from nearly all the states of the union.

There is an increasing tendency toward intensive conferences in the field of charities and correction. While the National Conference, the Prison Congress, the Social Science Association and the American Association for the Advancement of Science have a useful and important function, there is also a recognized need for meetings in which questions of local interest may be discussed more intelligently and exhaustively than is possible in the national gatherings. The first state conference has been held this winter in New York, California, Kansas, Missouri, and a movement to inaugurate a conference in Kentucky is started. The bill to create a state board of charities has received an impetus from the conference at Oakland, Cal. The fifth annual state conference was held this year in Illinois, the ninth in Indiana, and the nineteenth in Michigan. In New York, Pennsylvania and other states, there have long been conventions of superintendents of the poor and other public officials, but the newer conferences differ from these conventions in the greater participation of representatives of private charities and of private citizens interested in the charitable work.

The Prevention of the Spread of Consumption.—The crusade against consumption gains headway, but as yet it shows no adequate conception of its enormous task.

The United States Commissioner of Immigration has decided that it is a disease which may subject the patient to quarantine. The state board of health, of Illinois, recommends the building of a state sanitarium. A hospital for incipient cases is advocated in the Legislature of Connecticut. The medical societies have inaugurated a similar movement in Minnesota and California. The New York Legislature threatens to discredit its own commission, appointed a year ago by passing a law compelling the commission to select an entirely unsuitable site for its hospital for incipient cases. Sing Sing prison has been condemned by the prison association of New York and by the state board of health, for the reason among others that to send a convict to that prison is to sentence him to infection from this disease and to unsanitary conditions, which make recovery from it virtually impossible.

A report of the United States marine hospital service, last summer, contained a comparative statement of the mortality from yellow fever and consumption in Havana in the five years, from 1890 to 1894 inclusive. From this it appears that the total deaths from yellow fever were 1,117, the highest number being 398 in 1893. From consumption the total number of deaths was 7,462, and the variations

from year to year were much less than in the case of yellow fever. In other words, in a city where yellow fever was believed to be most prevalent and fatal, it killed only one person, where consumption killed seven.

It is an encouraging sign that not only medical societies, but also charitable conferences in all parts of the world are earnestly discussing the subject. The demonstration is complete that the disease is contagious, and in its earlier stages curable. The two federal government hospitals in New Mexico already report remarkable success in the treatment of army and navy patients.

Halting as state action has been, in the matter of appropriations for hospitals for curable cases, houses of rest for advanced cases, colonies for those who can remain nearly self-supporting, and laboratories for the advancement of medical knowledge, even less adequately has private philanthropy solved its share of the joint problem.

In Philadelphia there was organized in 1895 the Free Hospital Society for Poor Consumptives, which is the logical outgrowth of the Pennsylvania Society for the Prevention of Tuberculosis, which has been the model on which similar societies have been organized in other parts of this country and in Europe. The Free Hospital Society has paid board for patients in city hospitals, and when there has been a chance for cure it has sent the patient to a sanitarium in the Adirondacks. Its work has steadily grown, and in December it was supporting forty-five patients at an outlay of $1,000 a month.

The money for this purpose has been raised in small sums from the charitably disposed. This system of maintaining patients in existing hospitals has not been regarded as entirely satisfactory, but it was the best possible under the circumstances. The ultimate aim has been to have a properly equipped city hospital for advanced cases and a sanitarium in the mountains for those who are in the early stages. Dr. Lawrence F. Flick, as president of the Free Hospital Society, issued a special Christmas appeal for funds for the new enterprise.

In New York the Indigent Consumptives' Aid Association has been created "for the purpose of illustrating the ultimate method of treatment and the most effective way of curing the disease." The colonization idea underlying this society differs from the hospital plan in that it will not only remove the patient to the climate most suitable to his condition, but also transplant the associations of his former life by providing a place of abode for all or part of his family, and by providing also suitable occupation. This movement, like that in Pennsylvania, is initiated by physicians. Dr. J. Austin Kelly, of Brooklyn, is president of the society.

The Stony Wolde Sanitarium, to be established in the Adirondacks,

on the cottage plan, is intended for working women and girls, both free patients and those who are able to pay something toward their maintenance and treatment.

What is needed most of all at the present time is a realization of the urgency and enormous extent of the struggle upon which official and private agencies are entering. The impressive words of Dr. George F. Keene before the Cincinnati Conference of Charities and Correction in 1889 need frequent reiteration: "Consumption is a disease which has claimed more victims than all the wars and all the plagues and scourges of the human race. Even in the few short years since Koch's discovery, over 2,000,000 persons on this continent have succumbed to the fatal infection. In the last two decades in Cincinnati out of a total mortality of 119,089 there have been 17,353 deaths from this dread disease. The annual tribute of the United States to this scourge is over 100,000 of its inhabitants. Each year the world yields up 1,095,000; each day 3,000; each minute two of its people as a sacrifice to this plague. Of the 70,000,000 individuals now peopling these United States, 10,000,000 must inevitably die of this disease if the present ratio is kept up."

Dr. S. A. Knopf, author of a useful work on "The Prophylaxis and Cure of Consumption," addressing a recent meeting in the interests of the Stony Wolde Sanitarium, said:

"To expect that the state or city alone shall cope with the tuberculosis problem is unreasonable. The one state sanitarium, which we hope to have in our Empire State ere long, even could it accommodate a thousand patients, would only be like 'a drop of relief in an ocean of woe.' I fervently hope that the state will never have a sanitarium of that size, and I know that those who counsel our state authorities in this matter will never permit so large an aggregation of consumptives in one place. What is needed is multiple sanitaria and special hospitals of moderate size, located near the large centres of population. Our own state and city will have to have several of these, and private philanthropy will create more. There must be institutions which receive men, women and children suffering from tuberculosis, not only for the very poor classes, but also for people of moderate means. There are many people among consumptives who are too proud to enter an entirely free institution; they are willing and able to pay something, and do not wish to feel that they are objects of charity. The sanitaria situated at a greater distance from the city should receive, as far as practicable, the incipient and more hopeful cases. The special hospitals situated in the outskirts of the city should be for the purpose of isolation as much as for treatment."

A more complete program for immediate action to check the scourge

would include: (1) improved housing; (2) isolation of advanced cases to prevent infection; (3) treatment of incipient cases under favorable climatic and other conditions; (4) propaganda concerning the proper methods of preventing infection; (5) general inculcation of the facts that consumption is contagious and curable; (6) charitable assistance when necessary to enable those who are afflicted to cease work temporarily and remove to a place where there is a chance of speedy recovery; (7) scientific investigation of the sources of infection, and determination of the precise extent to which isolation is advisable.

IV. COLONIES AND COLONIAL GOVERMENT.

Philippines.—The report of the second Philippine Commission, recently transmitted to Congress, contains the latest accessible information on the social and political conditions of the island. The document is especially important because of the discussion of the relation between Church and State which it contains. The commission suggests, as a solution of the question, that the property now owned by the Augustinian, Dominican, Franciscan and Recolletan Orders be purchased either voluntarily or condemned by the American Government and leased to the present tenants with the ultimate intention of sale to the latter. This recommendation is based upon the thought that a permanent retention and occupation of their lands by the orders named would be considered as a revival, with American sanction, of all the old abuses charged against the friars. The total number of Roman Catholics in the island as shown by the church registry for 1898, was 6,559,998. There were 967 parishes. During the revolutions of 1896 and 1898 all the Dominicans, Augustinians, Recolletans and Franciscans acting as parish priests were obliged to leave their parishes and take refuge in Manila. Of the 1,124 priests in these orders in the island in 1896 but 472 remain at the present time. The Jesuits, Capuchins, Benedictines and Paulists have not aroused hostility because they have confined themselves to missionary and teaching work.

The Taft Commission, in its hearings on the land question, has received information from all classes; from the members of the orders concerned, as well as from their opponents. There is apparently no disagreement as to the facts regarding the powers formerly exercised by the members of these orders while acting as parish priests. The parish priest was inspector of primary schools, president of the boards of health and charities, inspector of taxation, president of the census enumeration of the parish, president of the prison board, member of the provincial board of public works, adviser of the municipal council, examiner in the public schools of the first and second grades, censor of the plays or comedies presented in the parish, besides exercising numerous other important local powers. It should be remembered, however, that the local parish priests were the only educated persons as a rule in the local communities and these powers therefore devolved upon them naturally. The civil and military officials in the Philippines were recalled at frequent intervals (of four years or less), whereas the members of the orders named had practically a permanent tenure of office within the island. The latter,

therefore, formed a strong, compact and well-organized political body against which the opposition of the civil and military authorities would have proved futile.

The land owned by the orders named is approximately 403,000 acres. The opposition to the friars is considered by the Philippine Commission to be based not only upon the alleged excesses of the priests but also upon their land holdings. The recent revolution against Spain was not a religious question but an agrarian one. "The Philippine people love the Catholic Church. The solemnity and grandeur of its ceremonies appeal most strongly to their religious motives. . . . The feeling against the friars is solely political. The people would gladly receive as ministers of the Roman Catholic religion any but those who are to them the embodiment of all in the Spanish rule that was hateful. If the friars return to their parishes, though under the same police protection which the American Government is bound to extend to any other Spanish subjects commorant in these islands, the people will regard it as the act of that government."

Next to the religious question, the most important matter dealt with in the commission's report is the question of a civil government to be established by Congress in the islands. Under the military power the public land system, mining claims, the organization of railroad, banking and other corporations and the granting of franchises generally cannot be permanently regulated, yet the development of the islands depends upon the exercise of this important power of regulation. Immense amounts of capital are waiting for investment in the Philippines. Large numbers of people have gone from America to the islands, and are seeking an opportunity to develop the insular resources. The necessity for a supreme military government has almost entirely passed away, and the commission believes that the pacification of the islands could now be obtained much more rapidly through the agency of a civil government, assisted by a strong police force and a number of native troops under American officers. The establishment of municipal government is going forward in different parts of the islands where pacification has progressed sufficiently.

In regard to the much discussed question of drunkenness among the American soldiers, and to the alleged phenomenal increase of saloons since the American occupation of Manila, the commission offers the following facts:

Since February 1, 1900, there has been a steady reduction in the number of saloons. It is difficult to obtain information on the exact number of saloons previous to American occupation. It is claimed that there were only fourteen bars but nearly 4,000 shops where

native wines were sold. Practically, all drug stores and groceries sold wines and liquors, no municipal license being required. With the American occupation licenses were issued, and while the number of nominal bars has therefore increased to 108, the number of native wine shops has been reduced to 408. The commission believes that the native wines are extremely dangerous, especially to foreigners. The number of retail liquor establishments in Manila is shown by these figures to be less than in any large American city. The new civil service regulations provide for a general examination for the higher branch of the civil service, in which a certain number of studies are required and a certain number optional. The required studies are those which are usually considered necessary for a liberal education.

Among the most important measures passed by the Philippine Commission have been the appropriation of two million dollars (Mexican) for highways, a civil service law, a law establishing a bureau of statistics; an appropriation of one million dollars (American) for the improvement of the Port of Manila, laws for the establishment of courts and local governments in various parts of the islands, regulating the system of public accounts and taxing exports in Mexican money.

Cuba.—The Constitutional Convention has completed the final draft of the constitution, which is now being engrossed. The question of the relations of Cuba to the United States which is being considered by a committee of the convention is the crucial point and has wisely been separated from the main body of the constitution. The American claims have grown from the time when in April, 1898, the original resolution was passed, stating that "the United States renounces all claim to sovereignty over Cuba," until at the present time the American Government is credited with negotiating for a series of naval and coaling stations, supervision of the public debt of Cuba and the power to intervene in the foreign relations of the island. The new constitution contains provisions, the wisdom of which may well be doubted, notably a provision for universal suffrage. The conditions of the population which were noted in the last number of the ANNALS certainly point to a high suffrage qualification. It is also regrettable that the possibility of a military leader securing control has been increased by the provision which renders eligible the celebrated General Gomez.

Porto Rico.—The Porto Rican Legislative Assembly has adjourned after passing thirty-six bills. Twenty-four measures were passed on the last day. Of the one hundred and two bills which were introduced in the Lower House only fourteen were enacted into law; while of the

twenty-eight bills introduced in the Upper House or Executive Council twenty-two became laws. One bill was vetoed. Considerable opposition has been aroused among the people by the passage of the so-called Hollander Tax Law. Porto Rico has never had a land tax embodied in her financial system. Professor Hollander, the treasurer of the island, introduced such a measure and after considerable opposition it was finally passed. A mass meeting, composed of over two thousand Porto Ricans from all classes, especially the land owners, from all sections of the island met on the afternoon and evening of February 3, and appointed a committee of fifteen to bring the injustice of the law to the attention of the American Congress and to have the measure nullified.

V. INDUSTRY AND COMMERCE.

Review of American Stock Market.[1]—The period of lethargy through which the stock market passed has given way to one of remarkable activity. For the three months prior to the election the total number of shares of stock sold was 15,421,113, while the sales for October and November aggregated 33,460,419 shares. For the first two weeks of December the sales amounted to 8,244,504 shares; or a total of 41,704,923 since the election.

This enormous increase in the volume of business naturally resulted in enhanced values in securities. Taking a list of twenty-five of the most active stocks as a basis for calculations the stock market shows a gain of about fifteen points since November 3. Many securities have shown greater increase, especially among those in the highly speculative list, while the most conservative investment securities have shown advances of but three or four points.

During the early part of this month securities fell, due to a rise in the call-loan rate. The securities most affected were again the speculative list. This is again explained by the large increase in the volume of marginal trading, which is invariably present in a buoyant market.

Many writers have taken an extremely pessimistic view of the situation, and have their eyes focused upon a panic in the stock market. Although the rate of dividend upon the major portion of securities does not warrant a decided rise above present quotations, there are no elements in the situation at present which presage a panic, or even a marked fall in quotations.

When values do fall, those most affected will be the margin traders; the investor will not be frightened into selling, for he recognizes the fact that these occasional "slumps" are the result of a desire to buy on the part of the insiders.

Generally the situation is most gratifying. Aside from the fear of a rise in the call-loan rate there are no disturbing elements.

Our favorable balance of trade will bring gold to this country in case of stringency, and the Treasury will probably lend its assistance if the condition demands it.

The contemplated deal looking toward the combination of large coal interests, which is being superintended by J. P. Morgan & Co., will, if successful, result in an advance in the price of the securities of all the roads affected.

A feature of the present situation which is worthy of special mention is the increased demand for bonds. This is most encouraging, as

[1] Contributed by Mr. L. B. Wolf.

it clearly proves that the business man is making profits and desires a safe investment for them. He displays his wisdom by not speculating in securities about which he has but scanty knowledge. The presence of the conservative investor in the market is always reassuring.

Events in the Railroad World.[1]—There are certain movements which began over a year ago which must be explained and understood before the significance of recent events can be seen. Among the most conspicuous of these is the development of the "community of ownership" idea, which started with the deal between the Vanderbilts and the Pennsylvania Railroad, and is gradually spreading to all parts of the country. The first important result of this deal, which was for the purpose of controlling the railroad situation between Chicago and the Atlantic seaboard, was the ordering of a general advance in freight rates last January. This ranged from 10 to 15 per cent in many classes of traffic, and produced the greatest results in bituminous coal, which had long been carried at very small profit. The advance of this article ranged from fifteen to twenty-five cents a ton on all the Eastern lines, and when followed by the purchase of a large interest in three bituminous roads by the Pennsylvania Company, creating a sharp rise in the securities of all carriers of soft coal, it made possible dividends by many roads whose outlook was previously not bright.

The development of the community of ownership idea was instanced very prominently in November, when it became known that the Great Northern, the Union Pacific and the Northern Pacific railroads had made an alliance through an interchange of stock which will result in a cessation of competition and the abolition of needless expenses, including the consolidation of the competing Pacific steamship lines. It was evidenced again during the same month in the election of the first and third vice-presidents of the Pennsylvania Railroad to positions as directors of the Baltimore & Ohio. About the same time the Southern Railway bought the St. Louis Air Line, increasing its own mileage to 7,260 miles, and giving the shortest road by forty-three miles between Louisville and St. Louis. Early in November the New York Central absorbed the Boston and Albany by securing a lease for ninety-nine years. By the addition of 202 miles of main and 187 miles of branch and leased lines, the New York Central is now able to send its western freight directly in and out of Boston.

In no stronger way could this co-operation idea have been emphasized, however, than in the early part of December, when J. P. Morgan & Co., for the Erie Railroad, bought the Pennsylvania Coal Company, which was the backer of a projected new anthracite coal

[1] Contributed by Ferdinand H. Graser.

line to Kingston. With the purchase of this stock, the Erie became a coal owner as well as a coal carrier, and it would seem that the anthracite combine has fully secured itself in control. The entrance of James J. Hill, of the Great Northern, into the Erie directorate on the day following the purchase, opened the way for a coalition of interests between William K. Vanderbilt, J. Pierpont Morgan, A. J. Cassatt, Mr. Hill and James Speyer. The roads controlled by this coalition are the Baltimore & Ohio-Erie combination; the New York Central-Pennsylvania combination, which includes the Delaware & Lackawanna, the Reading and the Ontario & Western, among the anthracite coalers; and the Chesapeake & Ohio and Norfolk & Western among the bituminous roads, with the Southern Railway, the Lehigh Valley, New Jersey Central, and the Delaware & Hudson. From this time, the anthracite roads may be operated on a more economical basis. Under the control of a group of financiers, it will simply be a question of how much hard coal the market will absorb at uniform prices.

Community of ownership is the product of a natural evolution. Rates had been going lower and lower, and the laws will not allow railroads to pool traffic. The only alternative was for strong interests to secure a foothold in various properties. The year closed with a majority of railroad stocks at the highest point in their history.

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The death of Henry Villard, on November 12, removed another of the chiefs of the era of great railway construction. Under his presidency, the Northern Pacific was successfully financed to completion in 1883. A few months after this triumphal opening, the road suffered financial collapse, carrying down with it the president's fortune. But he retained the confidence of European investors, and six years later was again at the head of the property. The panic of 1893 again dragged the company down, and since then Mr. Villard has led comparatively a retired life as proprietor of the New York *Evening Post*.

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There was great outcry in September when the steel-rail trust fixed the price of rails at $26 a ton, and it was loudly proclaimed that railroads would not buy at that price. The Pennsylvania Railroad began the buying almost immediately, however, with an order for 50,000 tons, and there has been no cessation of orders, both large and small, since that time, at the price fixed.

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In the latter part of November the first cargo of Western grain by a new Canadian route was shipped from the Great Northern Railway elevator in Quebec, for Liverpool. By this route grain is brought from

Duluth by lake steamers to Parry Sound, on Georgian Bay, where it is taken out of the vessels at deep-water berths alongside an elevator of a million and a quarter bushels' capacity, and placed directly aboard cars for Quebec. Eight hundred miles of distance is thus cut off by diverting the grain from Buffalo and New York.

Exploitation of Stockholders.—Indications are accumulating that the stockholders of the recently formed industrials are to pass through the same ordeal of exploitation, which railway stockholders have so often experienced. When these companies were organized, two facts were brought forward in evidence of their financial strength and stability: (1) the large holdings of preferred stock by insiders, (2) their small indebtedness. These advantages possessed by the industrials were justly considered of great value. Without a bonded debt they could not become insolvent, and the interests of the preferred stockholders could be served in no other way than by fair, wise and honorable management. Since the election, however, the insiders, that is to say, those who were prominent in organizing the industrials, and who from their experience and standing, as well as on account of their stockholdings, have been retained in control, have very generally unloaded their preferred stock upon the unsophisticated public, thus destroying one safeguard against interested mismanagement. At the same time there is abundant talk of bond issues for extensions and improvements. The recent purchase of 75,000 acres of coal lands in Southwestern Pennsylvania is reported to have been on account of the steel trust, the purchase price having been in some cases four times the face of the option, and although it cannot be proven, past experience inclines strongly to the opinion that those in control of the company were active on both sides of the transaction. A more apparent operation was the attempt of Mr. John W. Gates, and his associates in the control of the American Steel and Wire Company, to secure a large issue of bonds for the purpose of purchasing from them a fleet of ore boats at a price which, it has been proven, was more than twice their cost to the promoters of the transaction. Reports of similar transactions are heard in reference to other companies. These operations have for their object the enriching of directors and their friends at the expense of the general body of stockholders. Those in control take advantage of their position of trust and responsibility to mulct the owners and endanger the company. The result is that corporations thus maltreated are burdened with debt for which no adequate equivalent in increased earning power is obtained. If persisted in, such practices inevitably lead to bankruptcy. The over-capitalization of many American railroads, which has been the most important factor in producing our several

epidemics of railway receiverships, was directly due to similar practices during their construction. Many of the roads were compelled to pay large sums of interest on bonds, the proceeds from which had gone, not into capital construction, as the stock and bondholders had a right to expect, but into the pockets of construction companies composed of promoters, directors and their friends and associates. Such practices are now generally frowned upon by reputable financiers. The investment interest in railways has grown so strong that speculative transactions of all kinds are severely reprobated and heavily punished wherever detected. Established industries are conducted in the light of day. Their reports are frankness itself. No suspicion of speculative transactions, "inside" manipulation, attaches to their directors. The recently formed corporations, however, are repeating the early misdeeds of the railroads. They began by exploiting the common stockholder. Unless checked by the pressure of financial opinion, they will end in insolvency and reorganization, out of which their directors will reap a rich harvest. In conclusion, the following quotation from the *Railroad Gazette* of April 21, 1892, is precisely in point. It applies to the duties and responsibilities of railway directors, but can be also applied with equal justice to the industrials:

"The position of director in any company whose enterprise involves extensive contracts for construction or supplies, is one of peculiar temptation. The opportunities and inducements for manipulating the plans and contracts of the company, in such ways as to realize a profit to oneself, instead of laboring solely for the company's interest, are often too great for human integrity. The instances have been numerous, as every one acquainted with the history of railway building knows, in which the original company has been squeezed, bled, nay, eviscerated by its own directors, they pretending to negotiate contracts or make leases or sales on behalf of their stockholders, while they have themselves been the active men to profit in various concealed ways, by the arrangements they have made. The course of decisions in the courts shows that such devices have little strength to resist an earnest legal investigation; that the law has more power than injnred stockholders may suppose to overthrow such schemes, and restore the assets to their rightful owners. . . . The general principle has been applied to railroad directors specifically in many instructive cases and under a variety of circumstances. The duty of such director to act for the benefit of the company and as its representative has been repeatedly recognized. He cannot become individually interested in a construction contract on the roads, nor in a purchase of property which he ought to buy for the company; and if he makes a contract

on behalf of the company, in which he reserves or afterwards acquires an individual interest, such contract may be repudiated on behalf of the company."

It is to be hoped that the example of the stockholders with the American Steel and Wire Company, in thwarting the designs of Mr. Gates and his associates, and reducing the price to be paid for the ore fleet, will be generally followed to the great gain of the companies whose stockholders are thus prepared to assert their rights. E. S. M.

Difficulties in the Way of American Export Trade.—The success of the United States in the export trade has been due to two factors, (1) cheap and abundant raw materials, (2) low cost of production due (*a*) to the larger use of machinery, (*b*) to the energy and initiative of American workmen, and (*c*) to the relatively small share of the product, as compared with English wages, which American workingmen have been content to receive. It is not to be expected that these advantages over our foreign competitors will continue in their present degree. Our supremacy in raw materials is already passing from us. Take iron for example. The richer ores of the Lake Superior region are approaching exhaustion and the lean ores are being resorted to. Furnace men have accepted the situation and are everywhere lowering their requirements. Then, too, the increasing vogue of the open-hearth process in the United States signalizes the descent to a lower grade of iron ore. Europe has abundant supplies of non-Bessemer ores, and on this account the United States is destined to lose this point of advantage. American coal, as compared with foreign coal, has recently risen in price. The unrestricted competition in the bituminous coal trade which has been of such great benefit to manufacturers has been stopped by the consolidation of the coal roads and the purchase by allied interests of large areas of coal land. Recent evidence of the effectiveness of this limitation of competition is afforded by the difficulty which the bituminous operators experience in getting cars for shipment to markets which are congested. At the same time, the prices of foreign coals are rapidly declining, showing that the recent advance was due to abnormal conditions not likely soon to be repeated. Our exports of breadstuffs and meat products tend to decline as our increasing urban population increases the domestic demand for foodstuffs. A smaller surplus at a higher cost is thus available for export, while Argentine, Australia and Russia are increasing their consignments to European markets. Our exports of lumber products must soon decrease with the exhaustion of our timber supply. Our export of petroleum is threatened by the increasing yield from the Russian oil fields. The only raw materials in which our present advantage promises to endure are cotton and

copper. The United States is no longer a new country and must rely more largely upon manufactures to fill up the measure of her export trade.

In manufactures again our present advantages over our competitors cannot endure. American machines and methods are already being generally copied by foreign producers, and our monopoly of mechanical excellence we cannot hope to retain. Especially in the field of transportation is this equalization of advantage to be remarked in the rapid introduction of American locomotives and handling machinery on foreign railways.

American labor is demanding a larger share in the product. The growing power of labor unions is everywhere manifest, and in spite of the consolidation of capital, the growing disposition on the part of the labor leaders to demand higher wages threatens a general increase in the cost of production of American manufactures. The United States is passing into the era of labor wars from which Great Britain is just emerging, and the result of the conflict must lessen our international advantage.

By the foregoing it is not meant to affirm that our international advantage will disappear. The seat of the lowest cost of production will always remain, in all probability, in the United States. It is well, however, to recognize that the popular estimate of this advantage must be greatly qualified if a true conception of our future position in international trade is to be obtained. E. S. M.

Business Failures.—In the issue of January 26, "Bradstreet's" presents the statistics of failures in the United States and Canada for a series of years and classifies them according to credit ratings, liabilities, capital employed and primary causes of failure. A condensation of these tables is appended.

STATISTICS OF FAILURES IN THE UNITED STATES AND CANADA.

I. *Credit Ratings of Those Who Failed.*

	1894.		1897.		1900.	
	No.	Per Cent.	No.	Per Cent.	No.	Per Cent.
Total number failures	14,588	100	15,008	100	11,249	100
Number failing which had very moderate or no credit rating .	10,358	71	11,820	78.8	9,531	84.7
Number failing rated in good credit	4,005	27.4	3,004	20	1,558	13.9
Number failing rated in very good credit or higher	225	1.6	184	1.2	160	1.4

II. *Liabilities of Those Who Failed.*

	1894.		1897.		1900.	
	No.	Per Cent.	No.	Per Cent.	No.	Per Cent.
Total number failures	14,588	100	15,008	100	11,249	100
Total with less than $5,000	9,189	62.9	10,737	71.5	7,394	65.7
Total with $5,000 and over	5,399	37.1	4,271	28.5	3,855	34.3
Total with $5,000 to $20,000	4,011	27.5	3,688	24.6	2,817	25.1
Total with $20,000 to $50,000 . . .	886	6.1	398	2.6	649	5.8
Total with $50,000 to $100,000 . . .	270	1.9	106	.7	216	1.9
Total with $100,000 to $500,000 . .	209	1.4	68	.5	158	1.4
Total with $500,000 and over . . .	23	.2	11	.07	15	.1
Total with $1,000,000 and over . .	9	.06	5	. . . .	10	.08

III. *Capital Employed by Those Who Failed.*

	1894.		1897.		1900.	
	No.	Per Cent.	No.	Per Cent.	No.	Per Cent.
Total number failures	14,588	100	15,008	100	11,249	100
Total with $5,000 or less	12,936	88.7	13,351	91	10,595	94.2
Total with $5,000 to $20,000	1,103	7.6	1,134	6	374	3.4
Total with $20,000 to $50,000 . . .	370	2.5	326	2	160	1.4
Total with $50,000 to $100,000 . . .	111	.8	100	.6	62	.5
Total with $100,000 to $500,000 . .	60	.4	93	.4	51	.4
Total with $500,000 to $1,000,000 .	8	.05	4	.06	6	.05
Total with $1,000,000 and over . .	. . . .	. . . .	2	. . . .	1	.01

The evidence here presented appears to show that under normal conditions the individual or corporation of large capital and good credit has little to fear in the conduct of a business. The enormous preponderance of bankruptcy, in the number of those who fail, in their liabilities, and in the capital involved, is made up of those whose operations are conducted on a small scale. A caution should be interposed, however, in order that undue emphasis may not be placed upon the small number of failures when both capital and liabilities are large. One firm with $1,000,000 capital is equal to two hundred firms with $5,000 capital apiece, and in its consequences to general business the failure of one million dollar house is often more disastrous than the downfall of hundreds of small enterprises. Then, too, the reader must be cautioned against the unconscious inference from these tables that the number of houses of large capital is at all large in com-

parison with the total number of those in business. It is in fact an insignificant fraction. If the number of individuals, firms and companies with less than $5,000 capital could be compared with the number having capitals of $1,000,000 and over the chances of bankruptcy, as between large and small enterprises, might be more accurately determined. In the absence of such a computation it is unsafe to draw from the statistics presented the conclusion that the field of industry and trade is to be given over to the dominion of large capital.

A more instructive study is presented by the analysis of failures according to their primary causes.

Liabilities of Failures in the United States, including Territories, 1897–1900 ($000's omitted).

	1897.	Per cent.	1900.	Per cent.
Incompetence	$16,305	11.6	$16,998	13.1
Inexperience	2,325	1.	4,046	3.2
Lack of capital	37,447	22.9	30,231	2.4
Unwise credits	8,421	5.7	2,742	1.6
Failures of others	9,812	6.5	5,832	4.0
Extravagance	1,132	.8	1,230	.7
Neglect	1,603	.7	1,677	.8
Competition	4,392	2.3	3,582	2.4
Specific conditions	30,360	21.7	40,376	32.7
Speculation	8,072	5.8	4,813	3.2
Fraud	18,624	13.0	11,182	9.0

The following conclusions may be drawn from these figures:

1. The proportion of failures due to competition is exceptionally low. Contrary to general opinion the number of failures due to this cause is exceptionally small, only 2.3 per cent (in 1897) of the total, and it furthermore shows no decrease since the organization of the trusts has tended, as generally believed, to eliminate competition.

2. The general revival of small enterprise is evidenced by the considerable increase in the number of failures due to inexperience.

3. The incompetence of business men shows no decrease, but rather a considerable advance from 11.6 per cent of the total number of failures in 1897 to 13.1 per cent in 1900.

4. An easy money market is seen in the decrease in the number of failures due to lack of capital, and also an increase of confidence on the part of investors.

5. The claims of the trust promoters that combination decreases bad debts is vindicated by a decrease in the proportion of failures due to unwise credits from 5.7 per cent to 1.6 per cent of the total.

6. Speculation and fraud among business men, if we may judge from the decrease in the number of failures due to these causes, have greatly diminished.

7. Specific conditions, which means in general the state of the market, are responsible for the largest number of failures.

The classification by groups of states is also presented.

Liabilities of Failures Due to Various Causes by Groups of States, 1897–1900. (*$000's omitted.*)

	INCOMPETENCE.				INEXPERIENCE.				LACK OF CAPITAL.			
	1897.	Per ct.	1900.	Per ct.	1897.	Per ct.	1900.	Per ct.	1897.	Per ct.	1900.	Per ct.
Eastern	7,138	43.8	9,120	53.9	425	18.8	156	4.1	2,214	5.9	3,395	11.2
Middle	3,819	23.4	2,394	14.1	189	8.4	2,350	63.5	14,924	40.0	11,766	39.0
Southern	517	3.1	1,689	9.9	278	12.3	292	7.8	3,561	9.5	3,757	12.4
Western	3,290	20.2	1,960	11.5	711	31.5	457	12.2	12,228	32	7,157	23.7
Northwestern	993	6.1	1,146	6.7	624	27.7	435	11.7	2,762	7.4	2,603	8.4
Pacific	502	3.1	610	3.7	22	.9	26	.7	1,540	4.1	1,422	4.7

	UNWISE CREDITS.				FAILURES OF OTHERS.				EXTRAVAGANCE.			
	1897.	Per ct.	1900.	Per ct.	1897.	Per ct.	1900.	Per ct.	1897.	Per ct.	1900.	Per ct.
Eastern	419	5	229	8.6	2,130	2	974	16.7	284	25.3	270	22.4
Middle	5,448	66	715	26.9	1,845	18.7	2,473	45.8	429	38	479	38.2
Southern	478	5.8	286	10.7	2,462	25.1	348	5.9	96	8.5	122	9.7
Western	824	10	463	17	1,517	15.5	610	10.4	233	20	264	21.9
Northwestern	985	11.9	953	35.5	847	8.5	323	5.3	67	5.9	28	2.2
Pacific	74	.9	7	.2	958	9.7	901	15.3	11	.9	83	6.6

	NEGLECT.				COMPETITION.				SPECIFIC CONDITIONS.			
	1897.	Per ct.	1900.	Per ct.	1897.	Per ct.	1900.	Per ct.	1897.	Per ct.	1900.	Per ct.
Eastern	348	22.0	267	16.9	1,764	37.8	2059	56.1	5,670	11.3	2,845	7.0
Middle	335	20.7	700	43.7	1,232	26.7	549	15.3	14,342	28.4	28,978	71.6
Southern	347	22	145	8.7	266	5.8	105	2.7	8,580	7.0	4,531	11.2
Western	262	16.3	270	16.8	255	5.4	429	12.0	10,797	21.4	2,475	6.1
Northwestern	207	13.2	194	11.8	96	1.9	38	1.1	7,599	15.1	794	1.9
Pacific	92	5.7	21	1.2	975	21.1	397	11.0	3,218	6.4	798	1.9

	SPECULATION.				FRAUD.			
	1897.	Per ct.	1900.	Per ct.	1897.	Per ct.	1900.	Per ct.
Eastern	1,618	20.2	2,653	24.8	8,543	46.4	3,717	39.0
Middle	3,068	38.3	7,210	67.9	3,531	19.2	2,528	26.5
Southern	1,227	15.3	329	3.1	2,255	12.2	1,015	10.6
Western	1,285	16.4	113	1.0	2,076	11.3	989	10.3
Northwestern	420	5.2	205	1.8	1,173	6.3	801	8.4
Pacific	390	4.8	102	1.0	788	4.3	480	5.0

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